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ABSTRACT

This report of a hearing on educational benefits for veterans and members of the armed forces focuses on four proposals to establish a new educational assistance program for veterans and members of the armed forces and presents a review of the Veterans Educational Assistance Program (VEAP). Testimony includes statements from members of the U.S. House of Representatives, the Assistant Secretary of Defense, and individuals representing the U.S. Marine Corps, Disabled American Veterans, the National Guard Association of the United States, the Association of the U.S. Army, the Non-Commissioned Officers Association of the United States, Veterans of Foreign Wars, the Fleet Reserve Association, AMVETS, the U.S. Air Force, the American Legion, the Veterans' Administration, the U.S. Army, and the U.S. Navy. (YLB)

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PROPOSALS TO ESTABLISH A NEW EDUCATIONAL ASSISTANCE PROGRAM FOR VETERANS AND MEMBERS OF THE ARMED FORCES, AND REVIEW OF THE VETERANS EDUCATIONAL ASSISTANCE PROGRAM (VEAP)

HEARING

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING AND EMPLOYMENT
OF THE
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES
NINETY-EIGHTH CONGRESS
FIRST SESSION

APRIL 12, 1983

Printed for the use of the Committee on Veterans' Affairs

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PROPOSALS TO ESTABLISH A NEW EDUCATIONAL ASSISTANCE PROGRAM FOR VETERANS AND MEMBERS OF THE ARMED FORCES, AND REVIEW OF THE VETERANS EDUCATIONAL ASSISTANCE PROGRAM (VEAP)

TUESDAY, APRIL 12, 1983

House of Representatives,
Committee on Veterans' Affairs,
Subcommittee on Education, Training and Employment,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m. in room 334, Cannon House Office Building, Hon. Marvin Leath (chairman of the subcommittee) presiding.

Present: Representatives Leath, Edgar, Evans, Slattery, Bryant, Richardson, and Solomon.

Also present: Representative G. V. "Sonny" Montgomery, ex officio.

Mr. Edgar [presiding]. The Subcommittee on Education, Training and Employment will come to order.

Our chairman, Marvin Leath, will not be with us for about 45 minutes and he has asked me to chair the subcommittee.

The subcommittee today will be considering four proposals to establish a new educational assistance program for veterans and members of the armed services, and will review education assistance programs.

Rather than read the whole opening statement of Congressman Leath, I would like to ask unanimous consent that the full statement be considered as read and placed in the record at this point, and without objection, it is so ordered.

Statement of Hon. Marvin Leath, Chairman, Subcommittee on Education, Training and Employment

Today, the subcommittee will be considering four proposals to establish a new educational assistance program for veterans and members of the armed services, and will review the veterans educational assistance program (VEAP).

During the 97th Congress, these two programs were the subject of a total of 19 hearings by this subcommittee and the Subcommittee on Military Personnel and Compensation of the Armed Services Committee. Both committees reported H.R. 1400 in the 97th Congress. This committee reported H.R. 1400 by unanimous vote on May 19, 1981, and the Armed Services Committee reported H.R. 1400, with amendments, by a vote of 40 to 1, on May 17, 1982.

Very good testimony was received by both subcommittees from a large number of witnesses in favor of this legislation. While the administration opposed the legislation, representatives of the uniformed services favored some kind of G.I. bill for the All-Volunteer Force.

The four bills under consideration today are H.R. 1400, introduced by the chairman of the committee, Mr. Montgomery, and H.R. 613, introduced by Mr. Hammerschmidt, the ranking minority member of the committe. Their bills are essentially the same bill that was approved by the Armed Services Committee on May 17, 1982.

The third bill, H.R. 1944, was introduced by Mr. Edgar, who chaired the hearings on this legislation in the 97th Congress, H.R. 1944 is essentially the same bill that was reported by the Veterans Affairs Committee on May 19, 1981. The fourth bill is H.R. 64, introduced by Mr. Bennett.

We are pleased to have with us today the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, Dr. Lawrence J. Korb, who will be presenting the position of the administration on these bills. We have again invited the chiefs of the uniformed services, whose representatives are appearing as a panel to present their views on this legislation.

They will be followed by Veterans Administration officials, and a number of public witnesses.

Because of the time constraints, it will be necessary to request that the representatives of the veterans organizations appear as a panel, and that the representatives of the military associations also appear as a panel. In addition, I am requesting the witnesses to summarize their statements, and to limit their testimony to not more than five minutes. The full text of each statement will be printed in full in the hearing record.

Mr. EDGAR. All of us in this room have been talking about GI educational benefits and programs for a number of years. Our first witness this morning has been, I think, the premier activist on the issue of GI education benefits and, as the author of H.R. 1400, which is the bill that most of us have looked at over the last couple of years, the Honorable G. V. "Sonny" Montgomery, the chairman of this full committee, has shown a great deal of leadership on this issue.

So I don't think we need a lot of opening comments. I am sure Congressman Solomon may have a few words to say, but I would like to say that it is my hope, and I think the hope of our chairman of this subcommittee, that we can again today set the record straight in terms of the value of a GI education program in the past as well as for the future.

I yield to my colleague, Mr. Solomon.

STATEMENT OF HON. GERALD B. H. SOLOMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. SOLOMON. Thank you, Mr. Chairman.

Because of the number of witnesses before us this morning, I will try to be just as brief as I can.

The 97th Congress saw this subcommittee, with the full Veterans' Affairs Committee and the House Armed Services Committee, devote a great deal of attention to the development of a peacetime version of the GI bill, and although I was not a member of this subcommittee during the 97th Congress, I watched with great interest as H.R. 1400, Sonny Montgomery's bill, was developed as an alternative to the old GI bill for peacetime service in the U.S. Armed Forces.

I was pleased at the consensus reached between our full committee and the House Armed Services Committee, only to be disappointed at the failure of the full House of Representatives to act on this bill last year.

The proposals before us today are very similar in many respects to this compromise version worked out during the last Congress, and as several of our witnesses will point out this morning, I believe it is important to bear in mind that the peacetime GI bill we will be discussing differs from the traditional purpose of the old GI bill in that this is a recruitment and retention device designed to strengthen our current volunteer military service.

The fact that we are presently having no difficulty in meeting our recruitment and retention goals should not result in shortsightedness on our part and I believe it would serve us well to prepare this strong recruitment and retention tool.

While we may differ as to when this new package of education benefits should become effective, that should not prevent our careful study and deliberation as to the merits of the proposal as we develop it for legislative deliberation.

I look forward to receiving the recommendations and suggestions from our distinguished witnesses this morning, particularly our two colleagues.

Thank you very much, Mr. Chairman.

Mr. EDGAR. Before I call on our witnesses, let me just be clear that while there are four proposals that the subcommittee will be looking at today, H.R. 1400 as introduced by our chairman is essentially the version of the GI bill that passed out of the Armed Services Committee and went to the House floor for consideration in the last Congress.

I have introduced H.R. 1944, which I will go into some detail on in my portion of the testimony, which is essentially the bill that passed out of this committee during the 97th Congress. It is the original H.R. 1400 that all of us worked on so hard, which had, I think, some more comprehensive proposals than finally were compromised down and out of the Armed Services Committtee version.

The purpose of today's hearing is to look at all of those possibilities. We are really pleased that our first witness is the Chairman of the full Committee on Veterans' Affairs, the Honorable Sonny Montgomery. We look forward to your testimony. Your full statement will be made a part of the record, without objection.[1]

STATEMENT OF HON. G. V. "SONNY" MONTGOMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI, AND CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I have noted in the statement of Mr. Bob Nolan of the Fleet Reserve that he has included an editorial that was in the Washington Times supportive of a GI education bill. I recommend this editorial to my colleagues.[2]

Mr. Chairman, thank you for giving me this opportunity. As you mentioned, you have introduced a bill. Mr. Bennett also has an educational bill. I am certainly not locked into H.R. 1400. I think the bottom line is that we need a GI education bill and I hope this committee will take proper action.

I might say that Mr. Bennett has a preservice type of approach to this educational situation which at one time, one of the bills that I had introduced, had a provision very similar to what Mr. Bennett is proposing.

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[1] See p. 61.
[2] See p. 92.

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Mr. Chairman, there is no question that an educational bill, H.R. 1400 or any other type of educational bill will enhance the recruitment and retention of quality military personnel and give young Americans the opportunity, after serving, to become better citizens by having educational benefits available to them.

I do not see how the Department of Defense could say otherwise; that having an educational bill wouldn't improve recruitment, retention, and help the citizens of this country to have a better education.

The bill that I introduced, as you said, is identical with the legislation reported by the Committee on Armed Services with one exception. I have eliminated the cash-out provision which authorized the exchange of educational benefits for cash benefits. I just feel that an educational bill ought to be an educational bill; it shouldn't be additional bonuses.

Mr. Chairman, this year more high school graduates are entering the Armed Forces than ever before. This is excellent, but how long will this last? We must not forget the problems caused by the shortages of key middle-level noncommissioned and commissioned officers which confronted the military services before the economic downturn of 1980. We do not want this to happen again.

Once the unemployment rates decline to pre-1980 levels, I feel we will be seeing recruiting statistics similar to those of 1979 and before.

What I am saying is that 1 or 2 years of good recruiting statistics have not solved the manpower problems we experienced during the last decade.

Perhaps a more startling statistic is that the declining birth rate that began in 1960 will impact adversely on the Armed Forces during the late 1980's. The number of males reaching age 18 each year will decline from around 2.1 million in 1979 to 1.7 million in 1987. Mr. Chairman, this is a 20-percent drop.

The Armed Forces will have to recruit a larger proportion of the available manpower. Let us face it: The competition for quality manpower by the end of this decade will be intense.

During the Easter recess, our Veterans' Committee held oversight hearings in Mississippi. On March 30, 1983, I had the privilege of being accompanied by several of my colleagues on this committee at a field hearing in Biloxi, Miss. I would like to thank Mr. Edgar, who is presiding this morning, for coming to our State, as will as Mr. Evans of Illinois, Mr. Hillis of Indiana, and Mr. McEwen of Ohio, who also came to Mississippi during the Easter recess.

Also, in the audience this morning, who testified in Biloxi in behalf of GI education, is Mr. Don Harlow, who is director of the Air Force Sergeants' Association. We appreciate him also being in our State.

The hearing was conducted in part to receive testimony concerning the need for providing veterans educational benefits in order to enhance recruitment and retention. Witnesses included four members of the Air Force who were stationed at Keesler Field near Biloxi. These people were encouraged to give their candid views concerning their own military careers, especially with respect to what measure might make their careers more inviting.

These were all enlisted personnel and I was impressed with the intelligence and straightforward testimony given by these witnesses. The one message that came through loud and clear was the importance of providing a peacetime GI bill to members of the armed services.

In response to one of our questions, a young enlisted woman specifically stated that she would continue her military career if GI educational benefits similar to those in the Vietnam era bill were made available to her. Although other incentives were discussed, and we talked about the reenlistment bonuses, we talked about pay, the testimony of these people made it evident to us that the No. 1 priority with respect to recruiting and retaining quality personnel is a peacetime GI bill.

Someone asked whether they thought a GI bill was a better incentive than the other inducements discussed. Each witness responded with a loud and unhesitant, "Yes, sir."

Mr. Chairman, I am pleased and encouraged that the testimony we will receive this morning is again supportive of H.R. 1400. As Mr. Bennett has another approach that can be included, I certainly hope that this subcommittee will act favorably and will act quickly on this legislation.

Thank you.

[Chairman Montgomery's statement appears on page 61.]

Mr. EDGAR. Thank you, Mr. Chairman, for your statement today. It was very clear and concise.

Mr. Solomon, do you have any questions at this point?

Mr. SOLOMON. No; I just want to commend Sonny Montgomery on his statement. I think we all concur with it.

Mr. EDGAR. Mr. Chairman, you and I were in Mississippi before the floods and we had a chance to hear the witnesses who you reference in your statement.

In the last couple of years as Chair of this subcommittee, I had the privilege to travel fairly extensively to several military bases and to talk with people in uniform.

The point should be raised again that every uniformed person that we talked to had exactly the same testimony that we heard in Biloxi, Miss; that is, every person in uniform, when asked directly, "do we need a simple, concise GI education program for recruitment and retention within the services?" everyone said yes. Recruiters said yes; line officers said yes; new recruits said yes; officers who were making that career choice as to whether to stay in and retain their skills within the service said yes.

It seems strange to me that with all of those yeses we have such difficulty in convincing some of our civilian colleagues of the value of it. Your leadership and statement today helps to move it in that direction, but it is just really troubling when even the most senior commanders respond exactly the way the young recruits respond about the value of education over and above and beyond and around other bonuses that may be provided as being of value for them, that we still have disagreement on this issue from DOD.

Also, the experience of the old GI bill, where we received $3 to $6 back for every dollar invested in the old GI bill. I was struck in Biloxi, when you asked the audience to raise their hands as to those who were educated under the GI bill and all the hands in the room, at least two-thirds of them went up, including Lane Evans, our colleague, who was sitting next to me, who indicated that without that help he would not have had the opportunity to even serve in Congress. I would guess there were probably a number of people in that same boat.

Mr. **Montgomery**. Mr. Edgar, I certainly agree with what you said, and I would like the record to show that you spent so much time in the last Congress working on this educational bill. You held 19 hearings, probably more hearings on this one type of legislation than any other subcommittee chairman in our committee. Altogether, there were a lot of hearings on H.R. 1400 during the 97th Congress.

Mr. **Edgar**. It only seemed like there were 19. There were 9 hearings, but there were over 200 witnesses, so that made it seem like much more.

Mr. **Montgomery**. I guess I was giving you credit for the Armed Services Committee hearings, which also conducted a number of hearings on this piece of legislation. I know there are some members from the Department of Defense, both civilian and military, here today and they are going to have to face this issue.

As you go out in the field, you also talk to the enlisted personnel who are concerned about the deadline date of 1989 of when they can use their educational benefits, so we are going to have to face this issue. The best way, in my opinion, is to come up with an educational benefit that would not only protect those in 1989 but would bring in a better quality recruit, provide better retention, and improve the quality education in this country.

Mr. **Edgar**. Thank you. Mr. Slattery.

Mr. **Slattery**. I have no questions, Mr. Chairman.

Mr. **Edgar**. Does anyone have any questions?

Thank you, Mr. Chairman.

Our next witness will be the Honorable Charles Bennett, from the third district of Florida.

Charlie, it is good to have you here this morning. We know of your strong interest in this issue.

Mr. **Bennett**. It is great to be here.

Mr. Chairman, I ask unanimous consent to have my full statement included in the record.

Mr. **Edgar**. Without objection, your full statement will be made a part of the record.[1]

Mr. **Bennett**. I will shorten it by just reading certain paragraphs.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. **Bennett**. Thank you for giving me this opportunity to present this testimony.

I am grateful that your distinguished subcommittee has been holding these hearings. I favor legislation to establish a new GI bill, and also encourage this committee to incorporate in it the provisions of H.R. 1937 which provides for a skilled enlisted reserve training program.

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[1] See p. 62.

I have introduced my own bill, H.R. 64, in the field that you are now discussing. I am convinced that the enactment of a new GI bill is one of the most important, least expensive steps that Congress can take to strengthen our national defense.

Thanks to the recession and the recent pay raises, the Armed Forces have not experienced in the last 2 years any great shortfalls. However, if we are to obtain and retain the quantity and quality of enlistments that we require over the long run, additional legislation is desperately needed.

Inadequate aptitude among entrants into the Armed Forces places a severe financial burden on our services. Soldiers with a low aptitude generally take a longer time and require greater resources to train, and they retain their training for a shorter period of time.

Nonhigh school graduates are twice as likely as high school graduates to be administratively discharged from the Armed Forces prior to the expiration of their obligations. Attrition rates in the Army are much too high. Each soldier who attrits costs the Government about $10,000.

Many believe that the only way to substantially improve recruit aptitude is to return to the draft. That may be so. I don't share that view, however. But the evidence suggests that the direct cause of the decline in recruit aptitude was not the termination of the draft, but the termination of eligibility for GI bill education benefits.

The drawing power of the GI bill was amply demonstrated in the 3 months prior to its termination. On October 20, 1976, the Armed Forces announced that the GI bill would not apply to those enlisting after December 31. Nearly 100,000 people joined the uniformed services during that period—approximately double the normal first-term enlistment for the fourth quarter of the year.

It is important that a GI bill also have in it the ability of the serviceman to transfer his right to his wife or children because otherwise retention may be discouraged even though original enlistment is encouraged. Retention is extremely important, as we all know, as it saves dollars spent in training.

H.R. 1937, which I briefly mentioned, proposes to establish also a new skilled enlisted reserve training program for the Armed Forces to provide high school graduates technical training at community and junior colleges in skills needed by the Armed Forces in return for a commitment for enlisted service in the Armed Forces.

This program would draw upon the Nation's marvelous network of community and junior colleges to train the advanced technicians that our military services need to install, operate and maintain the increasingly sophisticated weapons systems on which we depend for our national security.

Because our economy is currently weak, the armed services are now experiencing no difficulty in meeting recruiting goals to any great extent. When the economy improves even modestly, as is projected, the military services will have to compete with local business and industry for the most attractive individuals. Not only can we predict more difficulty in meeting recruitment goals, but we can expect already weak retention rates in many specialties to worsen.

For these reasons and many others stated in the text of both of the bills discussed here today, I urge the chairman to incorporate the provisions of H.R. 1937 intact into H.R. 1400. I support the thrust of 1400 and feel that the various bills that have been introduced like the ones I mentioned, H.R. 64 and H.R. 1937, may add facets that you would like to include and would be good to go along, and actually would save money for the Government.

The main thrust, of course, is for the GI education bill, and I congratulate this committee on undertaking this and I hope you can get it out at an early date.

Thank you.

Mr. EDGAR. Thank you very much for your statement.

I think your points are well taken. The preservice comment that you made was in the original H.R. 1400 and we will look at it very carefully.

I yield to my colleague, Mr. Solomon.

Mr. SOLOMON. I just want to say to our colleague from Florida that we certainly support his statement.

The gentleman has been an outstanding member of the Committee on Armed Services and certainly a great friend to our military and to our veterans' organizations. We sure thank you, Chuck.

Mr. BENNETT. Thank you very much.

Mr. EDGAR. Are there additional questions or comments?

Thank you very much for your statement.

Mr. BENNETT. Thank you.

Mr. EDGAR. Our next witness will be the Honorable Bob Edgar, who is chairman of the Subcommittee on Hospitals and Health Care.

STATEMENT OF HON. BOB EDGAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA, AND CHAIRMAN, SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE, COMMITTEE ON VETERANS' AFFAIRS

Mr. EDGAR. I do have a statement I would like to read and a chart I would like to show, if I could take just about 5 minutes of our time.

During the past 2 years, this committee has had a minimum of nine, and with the Committee on Armed Services, many, many hearings on the need to restore the GI education program and make it an adequate education program for the all-volunteer military.

As chairman of the subcommittee during that time, I fully documented that we spent a lot of time and hours in preparation and planning to review this whole process of the GI bill. We amassed hundreds of pages of testimony from literally hundreds of witnesses on the need for legislative proposals similar to the ones before us today.

We heard from generals, from privates, from airmen and seamen, recruiters, career counselors, educators, veterans' advocates, sociologists, psychologists, economists, and demographers. We recorded statements of support for our proposal from the President of the United States, from the Chief of Staff of the Army, from the manpower chiefs of the Army, Navy, Air Force, Marine Corps, and the Coast Guard.

If we could boil all of this work down, all of the words, all of the hearings, all of the people we talked to, down to a few clear statements, this is what we found:

The Vietnam era GI bill terminated, unfortunately, for new enrollments in 1975. It was replaced by a political afterthought, the veterans' educational assistance program, the so-called VEAP program. The VEAP program must rely on the Government matching 2-for-1 the voluntary contributions of service members. The VEAP program, in that way, was designed intentionally not to work. From that standpoint it has been an unqualified success. It has, by intention, not worked.

From the standpoint of being a worthwhile education program, it has been an unqualified and unmitigated disaster.

The volunteer nature of the program is, in today's economy, an active disincentive for enrollment. The maximum matched contribution under the basic program for the majority of service personnel in the Army, Navy, Air Force, and Marine Corps is hardly sufficient to provide anyone a decent education.

The Veterans' Administration, in their testimony this morning, repeats this point. The VA states that as of February of this year, 561,189 individuals have elected to participate in the VEAP program. Of that number, over 60 percent have either suspended their monthly allotments or cashed out the program entirely. That 60 percent, more than any other further analysis, tells the tale: That we would allow such an unworkable and ineffective program to even remain on the lawbooks has become an embarrassment to this subcommittee and to the House of Representatives. It should be an embarrassment to the Department of Defense as well.

We should not attempt to fool ourselves that we are providing quality education benefits for military personnel through this program. The only people we are attempting to fool through VEAP are the military personnel themselves, and it was very clear through our hearings over the past 2 years that they were not being fooled at all.

In response, the Department of Defense last year stated that no new GI bill was warranted or needed. They stated that the VEAP program was working fine. "It will be all we need right now," they said, "if we just patch it up a little."

Second, we learned in our hearings that increasing numbers of experienced military personnel, still eligible for the Vietnam era GI bill, are planning on bailing out of the military early in order to use those more generous education benefits before their program terminates entirely in 1989.

The solution here, which DOD recommends, is to pay the additional cost and extend the 1989 date, regardless of the fact that this will only solve part of the problem, regardless of the fact that this represents a piecemeal approach, and regardless of the fact that such an extension of education benefits would be a gross inequity for millions of Vietnam era veterans who fought long and hard for similar extensions of education benefits and received none.

Third, we learned from our hearings that the military is going to experience a major shortfall in the availability of recruits during this decade, but instead of planning for proven recruitment and retention tools now, they are making no long-range plans from the policy standpoint to cope with this manpower crisis. This lack of foresight is typical and distressing. It is business as usual; don't act, just react. If you have a bad program, tinker with it here, jury rig it there; send the money, lots of money, but never question if you are spending the money wisely; or are we making the best investment.

I suppose this makes sense in the context of other plans to spend $30 billion on an MX missile system that will either be obsolete or unworkable when it is in place, or to spend untold billions to send squadrons of so-called Midgetmen missiles out cruising the Nation's interstates, rolling along in something affectionately christened "armadillos."

But are we making the best investment here? Is it wise in the long term? Is it wise, in turn, to deny an adequate education assistance program for the men and women who will serve these weapons?

Let me be very specific. I draw your attention to a chart which we have placed up on the easel.

[The charts referred to follow:]

HR 1944 [redacted]. "THE VETERANS EDUCATIONAL ASSISTANCE ACT OF 1988 (AS AMENDED)

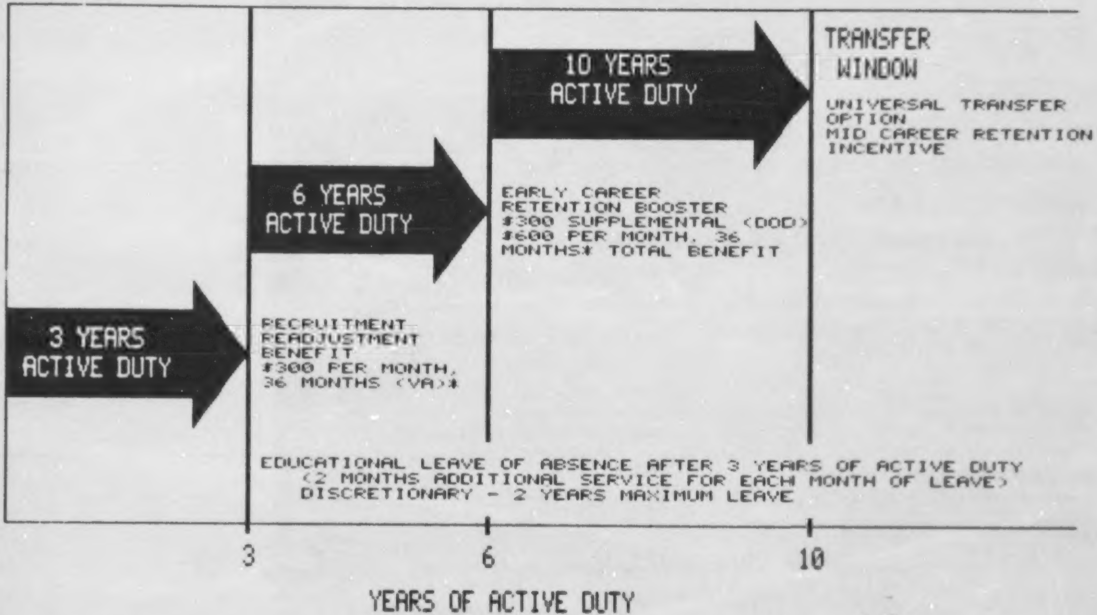
EDUCATION AS A RECRUITMENT AND RETENTION INCENTIVE FOR THE ALL VOLUNTEER FORCE.

RECRUITMENT POOL: HIGH SCHOOL GRADUATES OR "GED" RECIPIENTS

: CONTINUING FED LOAN FORGIVENESS PROGRAM TO ATTRACT COLLEGE LEVEL RECRUITS

HR 1[illegible] BENEFIT LEVELS AND SERVICE INCREMENTS

ACTIVE DUTY



3 YEARS ACTIVE DUTY

RECRUITMENT READJUSTMENT BENEFIT
$300 PER MONTH, 36 MONTHS (VA)*

6 YEARS ACTIVE DUTY

EARLY CAREER RETENTION BOOSTER
$300 SUPPLEMENTAL (DOD)
$600 PER MONTH, 36 MONTHS* TOTAL BENEFIT

10 YEARS ACTIVE DUTY

TRANSFER WINDOW

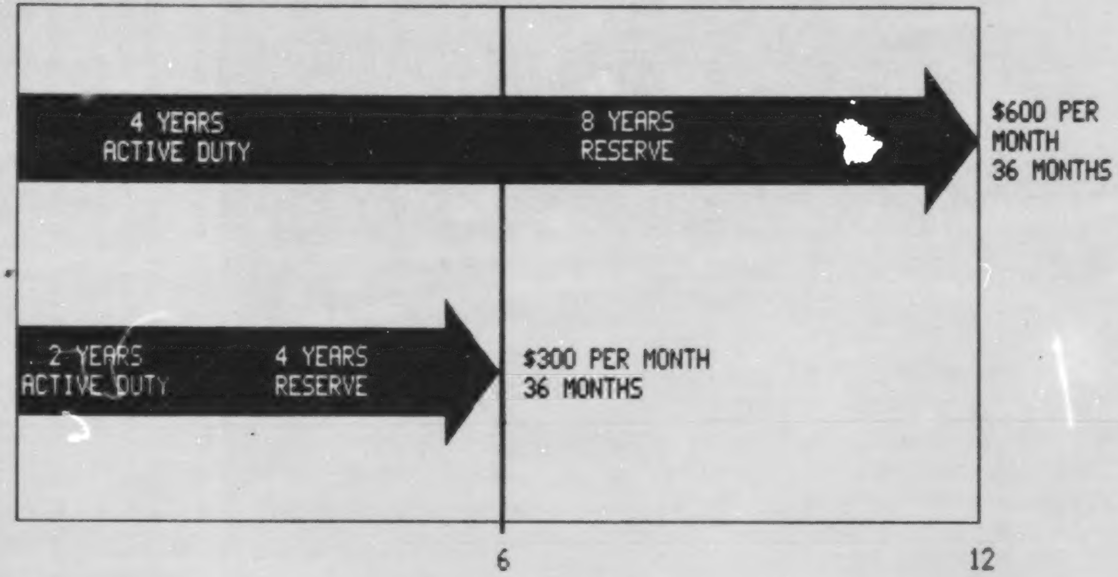
UNIVERSAL TRANSFER OPTION
MID CAREER RETENTION INCENTIVE

EDUCATIONAL LEAVE OF ABSENCE AFTER 3 YEARS OF ACTIVE DUTY
(2 MONTHS ADDITIONAL SERVICE FOR EACH MONTH OF LEAVE)
DISCRETIONARY - 2 YEARS MAXIMUM LEAVE

* DOD "KICKER" AVAILABLE FOR CRITICAL SKILLS

HR 14[illegible] BENEFIT LEVELS AND SERVICE INCREMENTS

ACTIVE DUTY RESERVE SERVICE EDUCATION COMPONENT


4 YEARS ACTIVE DUTY

8 YEARS RESERVE

$600 PER MONTH
36 MONTHS

2 YEARS ACTIVE DUTY

4 YEARS RESERVE

$300 PER MONTH
36 MONTHS

Mr. **Edgar**. The GI bill which our chairman has introduced, H.R. 1400, is the sum total of a compromise minus one provision that was reached out of the Committee on Armed Services. I introduced H.R. 1944. The use of the number 1944 coincides with the enactment of the original GI bill in 1944.

I introduced H.R. 1944 as what I feel is the best G.I. education bill that was reported out and sent to the Committee on Armed Services from this committee. It is the language that we worked on after our extensive hearings. It has essentially five basic programs, very simple, very easy to understand.

Program No. 1 is to forgive up to $1,500 a year of loans that are outstanding to people who have gone to college or dropped out of college who need an opportunity to have those loans forgiven and who might come into the service and utilize the program of loan forgiveness, and it would enable us to recruit those educated persons within the system.

Item No. 2 is what we call tier I. It is a first level of benefits for 36 months of $300 a month for education. If you serve for 3 years in the military, if you give 3 years of your life to the service, then you would get approximately what you would get under the old GI bill, which is approximately $342 a month over that period of time; $300 a month for 3 years of service for 36 months of education, tier I.

The third provision of the bill is what we call tier II; that is, if you reenlist and stay in for an additional 3 years, stay for a total of 6 years and help to ease the pressure of retraining persons and putting new people into that training mode, you would have $600 a month for 36 months of education. The $600-a-month figure more adequately equates to what the real cost of education is in the society of April 1983.

Tier II would be a reenlistment/retention incentive to give people that opportunity to stay for an additional period of time for additional benefits.

Provision No. 4, which I think is a fairly exciting provision, very controversial but I think very valuable, given the field testimony that we received, says that if you stay for 10 years and make a commitment to stay for an additional 10, serving your full 20 years within the military, you can transfer those benefits to your spouse or to your children up to $600 a month for 36 months for their education.

This was deliberately an attempt to get the middle-level NCO's to stay in the service and use their education benefits for transferability, and that is to transfer them to their spouse or to their children.

Finally, the fifth provision is that at the discretion of the Secretary, the Secretary can give a leave of absence for up to 2 years for somebody within the military to use their GI education benefits to move from a graduate degree to a master's degree or a doctorate degree.

This would enable, if the five provisions of H.R. 1944 were enacted, the all-volunteer military to have a very simple, easily explainable to principals, to teachers, to parents, people who are looking at the military as a possible area to pursue, loan forgiveness, tier I, tier II benefits, transferability, and an opportunity for a leave of absence.

It is not very hard to understand. It is very simple, the best that this committee could come up with in the last Congress to give a quality education benefit to the all-volunteer military.

I urge this committee to reconsider its action in the last Congress, to accept these five simple provisions and place them into a major effort to move to the Committee on Armed Services and to the floor this year to reinstate the GI bill.

I would like to go on and talk about what I think are the dollar savings and list out for the subcommittee some of the things that we heard. Let me just summarize a few of them.

When we went out and heard from military personnel, they said the following:

> We need a new GI bill. Make it simple, easy for recruiters to explain and recruits to understand. Make it equitable. Use pay incentives and bonuses for critical skills, but make education benefits across the board. Allow us the opportunity to educate our families. Do not discriminate between different branches of the Service or different occupations within the branches. Make the benefit levels high enough to be meaningful, but not too high to force people out of the system to use that benefit.
>
> Make the GI bill permanent. It is time to stop switching signals on the all-volunteer force.

And above all, they say, "We need this recruitment and retention tool now."

Those exact statements were repeated only 2 weeks ago with witnesses that we heard in Biloxi, Miss.

I urge this committee to consider looking at a GI bill, reporting it out by our May 15 deadline, and hopefully encouraging the Committee on Armed Services and the other Members of the House to support it. Let's make sure that in fiscal year 1983 we do put in place a very simple and equitable GI bill for the all-volunteer military.

I beg the indulgence and ask my colleagues to understand my taking that time for my testimony.

Mr. **Edgar**. Are there any questions that members have?

Thank you.

Our first witness will be the Honorable Larry J. Korb, Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, Department of Defense.

Now I will give the Chair back to the subcommittee chairman.

Mr. **Leath** [presiding]. I thank my colleague and dear friend, Bob Edgar, for starting these hearings for me. I had a previous appointment I had to make.

Dr. Korb, you may proceed.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS AND LOGISTICS, DEPARTMENT OF DEFENSE

Dr. **Korb**. Mr. Chairman and members of the committee: Thank you for the opportunity to appear once again before you to discuss the subject of educational benefits for military personnel.

As you know, since 1977 the Department has provided educational benefits to its members through the veterans' educational assistance or VEAP program. VEAP replaced the GI bill as the primary program of post-service educational benefits for personnel in volunteer service.

Historically, the rationale for the GI bill was to compensate those whose lives were interrupted through involuntary military service and were poorly compensated for that service. With the end of the draft in 1973 and substantial pay raises for the force, this rationale no longer existed, and the GI bill was terminated in 1976.

Further, as we have fielded a higher technology force, the need for large numbers of short-term members, who are the most likely to be attracted by lucrative educational benefits, has declined compared to well-trained career soldiers, sailors, airmen, and marines. From 1971 to 1982, the portion of the enlisted force with more than 4 years of service has increased from 33 percent to 46 percent; for the Army, the increase has been from 24 percent to 45 percent.

The Department does support the use of educational benefits, but only as part of a whole package of recruiting and retention tools. These benefits can be best used in combination with targeted enlistment and reenlistent bonuses and other benefits to meet our manpower requirements.

Currently, all services are enjoying success in both recruiting and retention. What we are doing now is working; it should be allowed to continue. We do not intend, however, to become complacent. We are closely monitoring enlistment and reenlistment results on a monthly basis to ascertain any significant negative changes so that we can act quickly to remedy problems that may arise.

While the administration supports a program of educational benefits, it does not support any major changes to the existing program at this time. Our data indicate that the cumulative participation rate for all enlisted personnel eligible for VEAP through fiscal year 1981 was at least 25 percent.

Moreover, the participation rate has risen every year since the program has been in effect. The participation rates of high school graduates and those who have had some college are higher than for nonhigh school graduates. While we do not believe that the basic VEAP benefits have had a large effect on recruiting, we do believe that it has given those who desire additional education a valuable opportunity.

As you know, the Army is the only service currently offering selected categories of recruits supplementary education benefits in addition to basic VEAP. Fiscal year 1982 recruiting results suggest that VEAP kickers, offered in the form of the Army College Fund to higher quality recruits who agree to enlist into selected hard-to-man skills, have significantly increased the supply of these recruits in the skills where they have been offered. This has been done without hurting the other services' ability to meet their recruiting goals. Overall, then, we are satisfied with our current educational benefit program.

Earlier this year, Secretary of Defense Weinberger, in response to a question from the distinguished chairman of the House Committee on Veterans' Affairs, answered that he supports educational benefits. I would like to quote his statement:

> There is no question that it (educational benefits) is an excellent idea . . . But the simple fact of the matter is we cannot do all the things that are desirable or

useful or helpful . . . At some point we run out of resources to do all the things we would like to do.

We plan to keep the Congress advised if changes in the present recruiting and retention climate make it necessary to reexamine our recruiting and retention tools, including educational benefits.

Now I would like to comment briefly on the specific legislation before this committee.

First, H.R. 1400. The current H.R. 1400 is somewhat less expensive than previous versions of this bill, primarily because some benefits which were once offered across the board are now offered only to selected skills on a discretionary basis.

H.R. 1400's basic benefit of $7,200 is likely to have a somewhat greater effect on recruiting than the basic benefits of the VEAP program, but this difference is not likely to be very large.

Similarly, the supplementary benefit of an additional $3,600 for those who complete 5 years of service benefit in addition to the 3 years of service necessary to qualify for the basic benefit would provide only a modest retention incentive. We estimate that the annual cost of the bill will be about $550 million by 1994, but this cost would vary greatly depending on the extent to which the targeted portions of the bill are employed.

H.R. 1944

H.R. 1944 provides a basic benefit of $10,800 and a supplementary benefit of another $10,800, for a total benefit of $21,600. This lucrative benefit is offered after only 6 years of service. The high level of the across-the-board benefits, coupled with the transferability provision, make this bill expensive, with an annual cost that may easily exceed $1 billion by 1995.

H.R. 64

H.R. 64 offers a maximum basic benefit of $21,000, $12,000 of which is in the form of tuition reimbursement. In addition, a supplementary or career benefit consisting of a Government contribution of up to $24,000, matched by a member contribution of $12,000, is also provided. Hence, over a career, a member may accumulate educational benefits worth $57,000, including his own $12,000 contribution. This bill is also likely to be costly.

Like last year, the Department does support extending the 1989 delimiting date.

Thank you again for this opportunity to appear before you. I appreciate the concern which the members and the staff of this committee have shown for the morale and welfare of our men and women in uniform. I hope to be able to continue working with this committee on this and other matters that affect the welfare of our military personnel.

[The prepared statement of Dr. Korb appears on p. 63.]

Mr. LEATH. Thank you, Dr. Korb.

Do you expect the services to have any difficulties meeting the congressional controls on recruit quality in the next 3 to 5 years?

Dr. KORB. Mr. Chairman, if we maintain the current climate in the country which supports our military service as an honorable profession, if we keep our pay and quality of life both fair and competitive, and we keep our retention rates high, I don't expect any problems in the next 3 years.

Mr. LEATH. Obviously, I think everybody admits that one of the reasons we have been able to get the higher quality recruits is because of the recession, which I know that none of us want to keep.

Do you really think that if we go through a full-scale economic recovery, and it is not as attractive from an economic standpoint for young men or young women to enlist, do you think this will still continue?

Dr. KORB. Yes, sir; I do, Mr. Chairman.

I think it is important to keep in mind that the recession, the high unemployment, hits our youth first. Unemployment among people that we draw into the armed services has been high for quite a while. For example, in fiscal year 1980, unemployment among 16- to 21-year-olds was almost 16 percent, and yet that year was one of the worst recruiting years that the Army, for example, has experienced. Almost 50 percent of the people that they took in were not high school graduates, and of that, almost 50 percent were in the so-called category 4.

Now, it is true that unemployment has gone up in the last couple of years among that group, but unemployment rates alone would not explain the dramatic turnaround in the quality of the young men and women coming into the Army, which now is well over 80 percent, close to 90 percent high school graduates, and below 20 percent in the category 4.

I would like also to point out that the Department does not feel that those constraints that are imposed are the way to go. As I have testified before the Committee on Armed Services, we think that the Congress should allow the Department to recruit without artificial constraints, but hold us responsible for maintaining a high quality force.

Those constraints, in terms of the number of people in the categories and the high school diploma graduates, oftentimes force us to turn down people who we know would be very good soldiers, sailors, airmen, and marines.

Mr. LEATH. Mr. Solomon.

Mr. SOLOMON. Mr. Korb, you tell us that the Department sees no need for any major revisions in the education assistance programs for our servicemen, but yet Miss Starbuck will testify, I think, that nearly 50 percent of the total enrollees in the present program have dropped out.

How can we possibly view these figures as evidence that the present program is working? In other words, why have these people chosen to disenroll? Something must be wrong.

Dr. KORB. I think there is a combination of factors. As I mention in my testimony, participation rates have gone up every year, slowly but surely. I think there have been a lot of problems in communicating to the service men and women what is actually involved.

I think it is also important to keep in mind that, as I mentioned in my testimony, we don't really feel that the VEAP, except the Army's program, the ultra-VEAP, is a recruiting tool. We view it more as an opportunity for the young man or young woman who wants to use military service and the advantages offered to it to go on to college, a way in which to help with some of the expenses.

Except for the Army's ultra-VEAP program, which offers rather generous benefits to people coming into selected, hard-to-fill skills, it is really not used by the Department as a recruiting incentive.

So while we do encourage people to get involved, we don't feel that it is done as a recruiting benefit.

I would also like to point out that it is true that a large number do disenroll, but the enrollment rates right now are above 25 percent, and when we had the GI bill only about 30 percent of the total benefits were used.

So I think it is important to keep that in mind. Not everybody who comes into the service wants to go to college. If you figure that 1 out of 4 are using the benefit, I think that is a pretty good statistic. Actually, if you take out the Air Force, which is only about 8 percent, it has gone up about 1 percent from when it first started, so for the other services it is 30 percent.

Mr. SOLOMON. Under the old GI bill, I don't think the dropouts were as significant as this, and even though your participation percentage is increasing, it seems to me that there is still something wrong when you have a 50-percent dropout.

Mr. HILLIS. Let me ask you this: Is the Department opposed to this measure purely for economic reasons, or do you see other shortcomings in these proposals, either administratively or for other reasons?

Dr. KORB. As I mentioned in my testimony last year, the Department has offered to the services a so-called GI bill. We imposed two, I think, very sensible constraints.

One, we told them that they would have to pay for it.

The other was that they would have to do it on an accrual basis so that we would not, if you will, pass on the cost to future generations, as we have done with other entitlement programs, and then have people sitting here 10 or 15 years from now looking for the funds.

Based upon that, all of the services came back and said that the programs that they have now can attain their objectives much better. I think what we are saying is that we feel our current enlistment and reenlistment bonuses gets us and helps us keep the people more.

The other point that I would like to make is that while the GI bill does bring in high-quality people, it also serves as an incentive for them to get out. But I would be more than happy if the services would pay for it and, if they would do it on an accrual basis, to once again go back and take a look at all of the provisions of the bill, some of which have been laid out here.

Mr. SOLOMON. Considering the $550 million annual cost of H.R. 1400 and the $1 billion annual cost of H.R. 1944, let's get right to the crux of it: OMB says that the funding for either of these two bills would come out of existing appropriations.

Would the Department of Defense still be opposed if we had accompanying appropriations so it didn't come out of existing appropriations?

Dr. KORB. I think it is important to keep in mind that philosophically the Federal budget is a pie and there is only so much, and if you say, "Well, we will get it from here rather than there," it is a tradeoff. You are going to have to give up something for it. I don't really believe that there is anything we ought to give up for it at the present time because it does not achieve our objectives any better than our current programs.

Mr. EDGAR. Will the gentleman yield?

Mr. SOLOMON. I will be glad to yield to the gentleman.

Mr. EDGAR. Just to make the record straight, I would like to ask unanimous consent to include at this point in the record a February 7 letter from the Congressional Budget Office estimating the cost of at least H.R. 1944.

It doesn't reach the $1 billion point until 1992 and beyond. That is because it kicks in over time, and the real cost doesn't kick in until about 1995, when it is $1.3 billion, and that is when the real cost of the education benefit would be.

So, Mr. Chairman, I would like to ask unanimous consent at this point, given Mr. Solomon's question, that this letter be included in the record.

Mr. LEATH. Without objection, it is so ordered.[1]

Mr. MONTGOMERY. Will the gentleman yield?

Mr. SOLOMON. I would be glad to yield to the gentleman.

Mr. MONTGOMERY. I would like to point out to our new colleagues on the committee that H.R. 1944, Mr. Edgar's bill is essentially the same as H.R. 1400 when it was reported on May 19, 1981. I introduced H.R. 1400 on January 28, 1981. Mr. Edgar was one of the cosponsors. In fact by the time H.R. 1400 was reported by our committee, it had over 125 cosponsors.

It was a good buy for the Department of Defense. About half the cost would be paid by the Veterans' Administration and half would be paid by the Department of Defense. Anybody who has had any business experience could see that H.R. 1400, 97th Congress, it was a good deal for the Department of Defense, and for some reason they didn't come forward and pick up this good deal.

I thank the gentleman.

Mr. SOLOMON. Mr. Chairman, if you will just bear with me, there is one other thing that is confusing, Dr. Korb, in your testimony.

The so-called "kickers" the Army has been offering in addition to the basic VEAP benefits have proved to be quite successful. My understanding of these kickers is that they share the same goal as the bills under consideration here today.

Since you seem to support the Army's kickers, but oppose H.R. 1400, would you mind just differentiating between them? It seems to me that they are both geared primarily to improved recruitment and retention in critical skills, which is what we all are looking for. We seem to be looking for the same thing, so can you tell me what the differences are?

Dr. KORB. I would be more than happy to.

No. 1, the Army is paying for them out of their own budget so, in other words, the Army has to give up something out of their current budget total, which was not changed to get them, which tells me then that it helps the Army.

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[1] See p. 95.

The other is that they are only given to selected skills. Essentially, what it does is, when you come into most professions in the service you learn a skill which you can apply later in civilian life, electronics technician, aircraft mechanic, for example.

We have traditionally had problems getting people into the combat arms in the Army, toward which most of this goes, because that is not a transferable skill. The difference here is that it doesn't go to everybody. It only goes to people in those skills; in other words, the benefit becomes lucrative to the people in that area.

Mr. SOLOMON. Mr. Chairman, I have no further questions. Thank you.

Mr. LEATH. The Chair recognizes the distinguished chairman of the full committee, Mr. Montgomery.

Mr. MONTGOMERY. Thank you very much, Mr. Chairman.

Mr. Secretary, thank you for being here today. I know that you have taken a lot of your time over the years to testify on this legislation. I can truthfully say we are not going to let it go away, and you better put somebody over there to read these bills and see what we have done in this legislation.

I think I can safely say that the witnesses that will follow you, the men that wear the uniforms, if you personally ask them, they will say that they support this GI education bill. Then we get enlisted personnel only a week and a half ago who had strong testimony. I was impressed with the way they handled themselves in support of an educational bill.

But yet you come here, and I really think you stonewalled us. I wonder if you have gotten too close to this situation and have just made up your mind that "We are not going to give them a GI education bill. We don't care how good it is." I hope you haven't locked yourself into that position.

Dr. KORB. No, sir, I haven't, Mr. Chairman. Each time I have asked the services to put it in writing, however, we get a different answer than you may get when people testify. We have a department, and people within the different departments within the Department of Defense were given every opportunity over 1 year to come up with a bill. They could not agree on a common position, nor would they agree to fund it except for the Army, who now will fund the ultra-VEAP program or a new GI bill that would meet their specific recruiting and retention needs.

While you might say it is a good deal for the Department of Defense the way some of these bills were funded, I think the real question we have to ask is: Is it a good deal for the American people, because while the money comes——

Mr. MONTGOMERY. I hate to interrupt you there, but I think that is the point we have totally missed. It is really a good deal for the American people that we can educate these young men and women, and that is what blows my mind.

You have the experience of the GI education bill. If we could get this GI education program going again and just by a little advertising, attracting people about coming into the services. They will ask their parents, "What about this GI education bill?" and the parent 9 times out of 10 has said, "It helped me get some education. It helped me to do some things for you. I think you ought to consider the service."

So we are wasting all that free, good publicity with the American people, and that is what really concerns me more than anything else: that we are not really taking advantage of it in the Department of Defense. I am on your side of trying to get quality.

Let me ask you this question.

Mr. EDGAR. Mr. Chairman, before you move on to that question, would the gentleman yield?

Mr. MONTGOMERY. Surely.

Mr. EDGAR. I was interested in Dr. Korb's answer to that question.

In my conversations with military leadership, when you ask them the question, you also ask them the question: Do you want a GI bill, and how are you willing to give up funds to pay for it?

Do you ask that same question when it comes to Midgetman or the M-1 tank? Do you ask them to put that same critical eye on defense and weapons systems as you were asking them in terms of accrual funding?

Dr. KORB. We certainly do. If you want this, you are going to have to give up that. I could go through any number of strategic options or conventional force options, and essentially you tell the services——

Mr. EDGAR. It is hard for me to believe that if you saw, in your strategic mission in the military, a needed weapons system, that you would tell the Air Force or the Army that they couldn't have it unless they could come up with the funds to pay for it.

Dr. KORB. No, sir, I think you are coming at it the wrong way.

We have so much money that is in the defense budget, and within that total we have to make trade-offs. That is essentially what we do.

As Secretary Weinberger, in response to Chairman Montgomery's question, said, "Yes, the GI bill would be useful, but we reach a point where we just don't have money to do everything."

We need more weapons. We need more strategic weapons, we need more conventional weapons, but we can't get them all now. We are going to have to wait and we are going to have to live with the budget that is given to us by the Congress, so in effect we have to make trade-offs. The Congress asks us to make trade-offs all the time in terms of the things that we want that we cannot have.

We have to improve readiness. We have to improve sustainability. We have to get rid of our obsolete weapons systems. We are going to have to wait, because not enough money is available.

Mr. EDGAR. I thank the gentleman for yielding.

Mr. MONTGOMERY. One other question, and then I will yield back the floor.

One of your big problems is in the Army. We had high school evaluators and advisers to students testify, and they were from the Washington area. They said that you are getting some good people in the service, but you are not getting the top leaders in the high school classes to come into the services.

That was of grave concern to our committee. My question to you is: Do you think the GI education bill, if it is enacted, will improve the quality of the military service?

Dr. KORB. No, sir, I do not. I think it is important to keep in mind that the high-quality high school youngsters that we are talking about normally go to college, and then if they come into the military, they come in as officers.

If you take a look at the enlisted people that we get now, for example, in the test that we gave when did the profile of American youth, when we gave the Armed Forces qualification test to a sample of American youth, we found out that about 4 percent of the people nationwide scored in category 1. We are getting just about that now in the armed services.

Mr. MONTGOMERY. In our testimony from witnesses in Biloxi, and Mr. Evans and Mr. Edgar will back this up, we didn't ask them to say this. The enlisted personnel there that were testifying said:

> We are concerned with some of the persons coming into the Air Force and into the military service that have high school diplomas who we find can't read and can't write and they can't speak the English language.

That was rather surprising, that these were enlisted personnel, training jobs at Keesler Air Force Base, who were complaining to us that you get a high school education but that doesn't mean that they have any quality at all.

Dr. KORB. I think you are raising a couple of points.

One of the problems that we have in this country is that a lot of schools over the past decade have not taught the basics, so we do find people who graduate from high school who do not have the verbal skills that they ought to have, but when I used to teach in college, I would find the same thing. You take a look. A lot of colleges are offering remedial courses in English and mathematics.

So I don't think it is just something unique to the Armed Forces. Again, without getting into the specifics, if you take a look at the current recruitment statistics for the Air Force, they are getting about 97 percent high school graduates, and close to 97 percent people in the categories 1 through 3. That is a very, very high percentage of people in the average or above-average category.

If you compare what we get now to what we had under conscription, there is no comparison. The people we are getting are way above the quality we had when we had conscription.

Mr. LEATH. Mr. Edgar?

Mr. EDGAR. Thank you, Mr. Chairman.

There is a gentleman who happens to be one of the leaders of our Nation who said the following:

"We should take steps immediately to restore the GI bill, one of the most effective, equitable, and socially important programs ever devised."

Do you agree with that statement?

Dr. KORB. I think that was a statement made by candidate Reagan, was it not?

Mr. EDGAR. Yes; it was made by Ronald Reagan, and I am trying to figure out whether or not the President, in your testimony this morning, is deviating from that commitment, or whether or not you have personally talked, or someone within the Department of Defense has personally talked with the President as to whether or not he has changed his position.

Dr. **Korb**. To go back and trace the origin of this, I, too, during the campaign, felt that this would be very good. However, I was amazed to find out that when I got into the Department, nobody thought it was good enough to pay for. Since then, only the Army has expressed a willingness to pay for their portion of a GI bill. In my approach to it, that gives me some pause. When people are not willing to pay for something, then I wonder if, in fact, it achieves the objectives that they talk about.

The Secretary of Defense was as surprised as I was by this. Deputy Secretary Carlucci met with the services. We communicated this to the Secretary of Defense who, in turn, communicated it to the President, and the President then wrote to the Congress asking to extend the VEAP program, and in his budgets that he has submitted, his defense budgets, he has gone along with this position.

Mr. **Edgar**. Suppose Congress decided to give you the money and take that argument away.

Dr. **Korb**. Again, if Congress gives us the money and gives us a program, obviously we would go along with it. My position here that I have talked to the committee about both this year and last year is that it is not going to hurt anything, but if you take away something else, yes, it will hurt.

It is also important to keep in mind that while you bring a person in with a generous education bill, you also give that young man or young woman an incentive to get out to use it.

Mr. **Edgar**. I think we are both interested in having a retention and a recruitment incentive so that the retention is higher than the recruitment incentive. We think we can get around that.

You mentioned the word "historically," and we talked a little bit about Reagan's statement and history. I was troubled by page 1 of your testimony. You say:

> Historically, the rationale for the GI bill was to compensate those whose lives were interrupted through involuntary military service, and who were poorly compensated for that service.

That is true in terms of the third or fourth purpose of the GI bill, but I wonder if you read chapter 34 title 38, of the Vietnam era GI bill that states very clearly what the purpose was.

> The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States; (2) extending the benefits of higher education to qualified, deserving young persons who might not otherwise be able to afford such an education.

There are the first two purposes of the GI bill. It is not until you get down to the third purpose that it starts talking about:

> Providing vocational readjustment and restoring lost educational opportunities for those service men and women whose careers have been interrupted or impeded by reasons of active duty after January 31, 1955; and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

But the first two purposes clearly are a commitment to enhancing and making more attractive service within the military. It seems to me it doesn't necessarily follow that that might not make sense for an All-Volunteer Military.

I happen to really like North Carolina State's basketball team, and watched with vigor the games that they played in the ACC tournament and then the NCAA tournament. I was interrupted several times, after watching a great jump shot, by Army, Navy, Air Force, or Marines commercials which convinced 3 of my sons that it might make some sense for them to at least consider the opportunity.

How much money are we spending on that kind of tool to recruit people and advertise to get people within the All-Volunteer Military? Do you have any number figures on that?

Dr. **Korb**. In terms of our overall advertising budget?

Mr. **Edgar**. Yes.

Dr. **Korb**. We are spending, I would say, probably about $160 million a year.

Mr. **Edgar**. $160 million. How much are you spending on your VEAP program right to this point?

Dr. **Korb**. The Veterans' Administration is spending the money, but I will give you the exact figures here in a second.

Mr. **Edgar**. That is in that total budget that we talked about earlier?

Dr. **Korb**. That is correct.

VEAP outlays in fiscal year 1984 are estimated to be $41.8 million.

Mr. **Edgar**. $41.8 million. How about super-VEAP?

Mr. **Korb**. The ultra-VEAP expenditures?

Mr. **Edgar**. Yes.

Dr. **Korb**. They are estimated for fiscal year 1984 to be about $4.5 million.

Mr. **Edgar**. $4.5 million?

Dr. **Korb**. That is correct.

Mr. **Edgar**. What other educational incentives besides VEAP and ultra-VEAP do you have?

Dr. **Korb**. We have tuition assistance outlays for which we spend about $71 million.

Mr. **Edgar**. What other education assistance do you have?

Dr. **Korb**. I think that is about it for the present time.

Mr. **Edgar**. Do you know how much you are requesting us to spend if we extend the 1989 delimiting date for those presently within the military?

Dr. **Korb**. Yes; for about 20 years, it would cost $948 million.

Mr. **Edgar**. $948 million over a 20-year period beyond 1989.

Dr. **Korb**. That is correct.

Mr. **Edgar**. Well, you have got yourself about a billion dollars in those three requests, for advertising budgets which will expand by the year 1990, to extend the delimiting date. If we didn't extend the delimiting date and put in place either H.R. 1400 or H.R. 1944, my guess is we would probably spend no more money than we are spending right now, or that the military is requesting in terms of extension of the GI bill.

I would also suggest, and I will end with this, that some history ought to be made as to how much money the Federal Government got back from the expenditures on the old GI bills, that is, from higher taxes that people were paying in, and whether or not we actually lost money in the Federal Treasury by giving persons leaving the service a GI education, or whether or not we didn't get most of that back.

Dr. **Korb**. I think if you talk about funding a current GI bill by not extending the 1989 delimiting date, then you would be doing two things which are wrong.

No. 1, it would be unfair; and No. 2, you would hurt our retention because if we support extending the 1989 delimiting date, the youngsters who enlisted, we have a contract with them and we think it is fair that we live up to that and they not be penalized for staying in the service.

The other thing is, you would be giving the people an incentive to get out; people who would be at the 13- or 14-year period, you would be giving them a positive incentive to get out if you didn't extend it.

Mr. **Edgar**. Suppose we extended it by passing a new GI bill that by 1989 they would qualify for higher benefits? There are 6 years between 1983 and 1989. They would leave the service after 1989 with $600 a month, the 36 months of benefits, rather than a meager $341 or whatever the present benefit is.

Dr. **Korb**. You would be spending a lot of money and you wouldn't increase retention.

Mr. **Edgar**. But we wouldn't be spending any more than you are already asking us to spend.

Dr. **Korb**. Yes, you would.

Mr. **Edgar**. Not necessarily, because if we ended the delimiting date at 1989, we would actually be saving some money. You are asking us to put $948 million in our budget for extension of the 1989 date for 20 years, until the year 2009. We are going to spend almost $1 billion a year.

Dr. **Korb**. Not $1 billion a year. A total.

Mr. **Edgar**. Oh, you are talking about a total.

Dr. **Korb**. That is correct.

Mr. **Edgar**. OK. So the $948 million would not be what it would cost per year.

Dr. **Korb**. In other words, what we are saying is that for 20 years we can have the approximate cost of your bill for a year.

Mr. **Edgar**. Beyond 1992.

Dr. **Korb**. That is correct.

Mr. **Edgar**. Yet you are also saying that the GI bill that was in place for the Vietnam era is a retention tool.

Dr. **Korb**. No; I am saying that if you tell people who enlisted before 1976 that they have to get out pretty much by 1985 in order to use that bill fully, it will cause us retention problems.

Mr. **Edgar**. But if the GI bill is not a good idea for retention and recruitment, why shouldn't we tell them that, because you have other bonuses and other salaries and other opportunities to keep them in if you want to keep them in. Tell them to use the VEAP.

Dr. **Korb**. Because you have made a commitment to them. That is why it is fair.

Mr. **Edgar**. We made a contractual relationship that we would give them 10 years of benefits after they leave the service; right?

Dr. **Korb**. They could use it.

Mr. **Edgar**. Up to 10 years after they leave the Service.

Dr. **Korb**. That is correct.

Mr. **Edgar**. We said we can't administer a program forever, so we have to put a date on it, so we actually put a date that was 14 or 15 years out from the time of termination.

Dr. **Korb**. I would argue that the people doing that did not take into account the fact that people would stay for a career, and that was essentially a legislative oversight or an administrative oversight.

Mr. **Edgar**. I understand that.

I have taken more than my time, and I appreciate your answers.

Mr. **Leath**. Mr. Evans.

Mr. **Evans**. I had questions along the lines that Bob Edgar asked, but I have a question that I would like to direct to you and General Cooper, when he gets up.

We have marines now in Lebanon. We have had marines in our Embassy in Iran that have been taken hostage and who faced combat conditions. Just what is the equity of saying that veterans from my era, the Vietnam veterans, had a better GI bill than veterans who face very difficult situations today?

I understand there are cost savings, but I don't understand the rationale of saying that a group of people today should get less benefits than Vietnam veterans did, despite the fact that we are asking many of those people, particularly in the Marines, to make the same kinds of sacrifices we did in Vietnam.

Ancillary to that question is, I think it is very confusing and it adds to the decline in morale when you have a two-tiered system for people who happened to go in before a certain period. They may never have served in Vietnam. They may be junior NCO's, and may be staff and gunnery sergeants now, but they are serving with people who might be in similar ranks who don't get the same benefits. I think that adds to the lack of morale, and I would like General Cooper, as well, to answer this when he comes up.

Dr. **Korb**. I think you really can't compare the situation when you had conscription to when you have volunteers. You can't compare the situation prior to the creation of the all-volunteer force when pay was very low.

For example, after the Gates Commission reported out, junior enlisted people were given a 67-percent increase in pay, which people who served in Vietnam did not get. So I think you have to keep that in mind when you are making the comparisons.

As to the morale problems caused by people enlisting before or after a certain date, I don't think I have ever seen any evidence of that. The only problem I see is, when I go around people tell me that they want the 1989 date extended so they are not forced to make a decision, after 13 or 14 years, to get out to use the GI bill. They would like to, and people normally, once they pass the 10-year point, want to stay in the Service, like to stay for 20 years and then have the option.

Mr. **Leath**. Mr. Slattery.

Mr. **Slattery**. Thank you, Mr. Chairman.

As I am sitting here listening to this discussion, I am trying to fit it into the context of my concern over a $200 billion deficit and at the same time trying to fit it into my concern over trying to attract and retain good, qualified people in the military for a reasonable period of time.

If you look at the whole question of national defense from the standpoint of how the country can buy the greatest amount of defense for the least dollars, you might say, it seems to me an argument can be made perhaps to encourage involvement initially for a reasonable period of time, maybe 10 or 12 years, in the military by doing something along the lines that Mr. Edgar and Mr. Montgomery are talking about to encourage people to get into the military for educational reasons, or what have you.

I think it makes some sense—I don't know whether it was in your testimony; someone's testimony—to give people an opportunity after, say, 10 years to take a year's leave of absence, or maybe an 18-month leave of absence to rethink their priorities in life and decide what they want to do with the rest of their lives.

My question to you, Mr. Korb, is: Do you think it would make sense, if your concerns are primarily of a budgetary nature, the bottom line, to reduce retirement benefits to those who would take advantage of educational benefits by an amount to offset the cost of the educational benefits?

Dr. **Korb**. I think when you are talking about the subject of retirement benefits you have to take into account a number of considerations. You take a young man or young woman who comes into the service and you tell them basically, "If you put up with a very difficult life for 20 years, lots of moves, lots of hardship posts, then you have the opportunity to retire essentially at half-pay at that time if you so choose."

If you tamper with that, you have not only probably some legal or moral problems, but you have some perception problem.

Mr. **Slattery**. What I am suggesting to you, though, is that if they participated in the program up front, that would be part of the quid pro quo, I guess you might say, that we are going to give you educational benefits that will, in effect, be offset by reducing your retirement benefits. To make it available to those people even before they entered the military. In other words, if we had a program that would encourage people and pay for part of their college education prior to entering the military, or some post-high school education, whether it is vo/tech training that perhaps would be of benefit to the military when they came into the military.

There are a number of different possibilities there, I guess is what I am saying. My more specific question is: Can we get people into the military and encourage them to participate in the military by enhancing their educational opportunities by making a commitment to the military, and at the same time, after, say, 10 or 12 years, if the people have in effect served their country well and decide that they want to get out of the military, what is wrong with that? I guess that is what I am saying.

From the standpoint of the trade-off cost-wise, do you see what I am saying? It might be in the Nation's economic best interest for them to spend 10 or 12 years in the military, perhaps, and not experience, like my nextdoor neighbor, 18 moves in 21 years, and get out of the military after 12 years or 10 years. Then that way, obviously, we reduce our long-term costs in terms of retirement benefits to those people, and yet at the same time, we have encouraged their participation in the military by enhancing the educational opportunities available.

Have you given thought to what I am talking about?

Dr. KORB. I think what you have to keep in mind is, if you lose a person at the 10- to 12-year point, that is not the time that in most cases you would like to lose that young man or young woman because that is the time when they have accumulated the experience, on-the-job training, the technical training that you have given them and they are very productive both in terms of what they do and training other people.

So I think if you develop a program that gives people an incentive to get out at that particular point, then you are going to have a lot of problems, especially as the force becomes more technical, as I pointed out in my statement.

One of the ways we got ourselves into a lot of trouble in the late 1970's was the condition to which we let what we call quality of life deteriorate. People got out at the 10- to 12-year point in large numbers and caused a lot of readiness problems.

I think if you take a look, to get one person to the 10- to 12-year point, you lose a person at that particular time that you don't expect, you might have to take in 4, 5 or 6 other people to get them to that point and match the experience level. So I think I would be very, very wary of any program that gave people an incentive to get out after 10 to 12 years.

Mr. SLATTERY. What about the general concept of increasing educational benefits at the front end and reducing retirement benefits at the back end? Do you think that would have the effect of discouraging people to stay in after 10 or 12 years, or after their educational benefits had been taken advantage of?

Dr. KORB. It might. I don't know. I am just guessing here. We need a lot more refined data and analysis to demonstrate something like that. I just don't know.

My guess would be, again, if you got the person out at 10 to 12 years, you would have a problem that you wouldn't want.

Mr. SLATTERY. I could turn this around and argue, too, I think, that if you did increase educational benefits at the front end of one's career, I guess you might say, you could argue that that person's employment after 20 years of retirement, for example, would be enhanced substantially and thereby justify, perhaps, some retirement benefit commitment reduction.

Dr. KORB. In some cases it would. I think it is important to keep in mind that we, as a nation, for example, now have the largest percentage of our population going to college, more than any comparable country like West Germany or Japan. Yet, what we find lacking in many cases is people with certain technical skills. We find that we have a lot of people who can build things; not enough people who can fix them, if I can use a cliche.

I don't know if a person's earning abilities would necessarily be enhanced if they were a technician by having gone to college, perhaps not where their job opportunities might be.

Mr. SLATTERY. I am not suggesting that we limit one's educational opportunities, under a program similar to what we are talking about, to college. It could be vo/tech schools. It could be a number of educational opportunities that might dovetail into their projected positions in the military and that might, in turn, reduce the cost the military currently incurs to train these people.

Dr. KORB. It very well might. I think it is an idea that we could take a look at.

But the services, when asked their position on the so-called Bailey bill, which would have people go to vocational schools when they come into the service, sort of a lateral entry, were not enthusiastic in their support. They prefer to do their own training, and what you might call military socialization.

Mr. SLATTERY. Thank you, Mr. Chairman.

Mr. LEATH. Mr. Richardson.

Mr. RICHARDSON. Thank you, Mr. Chairman.

I would like to commend the chairman of this committee for this legislation, and Mr. Edgar for focusing on a very important issue.

I would like to ask the chairman of this committee, as a point of information, was this bill, when you introduced it in the last session, also opposed by the Carter administration?

Mr. MONTGOMERY. Actually, Mr. Richardson, the GI education bill was not original with me. It really came from the then candidate Ronald Reagan who, at an American Legion National Convention, as Mr. Edgar quoted, said that he thought what we needed was a peacetime GI education bill.

Then when the 97th Congress started and Mr. Reagan was President, I began receiving pressure from different Members that we should move ahead with the GI education bill. Therefore, several of us on this committee got together, and we were really pleased with the way the bill was drawn up, and the broad support for it. We thought we had it moving.

We had testimony from the Chief of Staff of the Army, who testified that this was the best thing for the Army since sliced bread. Then something happened. The rug was pulled out from under our uniform military Chiefs by the civilian officials of the Department of Defense, and I assume the President, and we have been battling it ever since.

Mr. RICHARDSON. Mr. Korb, as I understand it, your reasons for opposing this bill, or the Department of Defense opposing this bill, is budgetary. You are talking about financial constraints that do not enable you to support this bill; is that right?

Dr. KORB. Well, that is partly correct. I think when people are asked to pay for something, then you see if, in fact, it achieves its objectives. In my view, if somebody is not willing to pay for something, then I think what they are telling me is that they can achieve their objectives in another way.

So yes, partly for budgetary reasons, and if we had an unlimited budget, it obviously would not hurt anything, it might help a little bit, but if you have a situation where you have to, say, take away a reenlistment bonus or an enlistment bonus to do this, we find that it actually hurts us rather than helps us.

Mr. RICHARDSON. So as I understand it, fundamentally you also have some philosophical differences with the concept of the bill.

Dr. KORB. No; I have no philosophical differences. What I am saying is, that is not a bill which in fact aids the Department of Defense in getting and keeping good people.

Mr. RICHARDSON. Do you think that in the last 2 or 3 years that the quality of our military, of our new recruits, has improved?

Dr. KORB. Very dramatically.

Mr. RICHARDSON. Why do you think that?

Dr. KORB. As I mentioned in response to the chairman's question, I think because people now honor those in uniform, which was not the case in the last decade or the last administration. I think there has been a great deal more concern about the quality of life of the military people in terms of making sure that they receive a fair and competitive salary.

I think we are much more intelligent in how we recruit people in terms of how we use our resources to target different markets. The Army's ultra-VEAP program, I think, has helped a lot in getting them to get high-quality people in hard-to-fill skills.

I think there are a number of interrelated reasons and, obviously the economy, is also a factor.

Mr. RICHARDSON. My point is that in visiting with many of these young recruits, at least in my military bases in New Mexico, one of the very strong, compelling arguments that are given by these young people is that they like the new career incentives that they can take advantage of. They like the new trade and computer kind of training that they can take. They like the career, long-range concept.

But one thing that it seems to me is an investment, no matter how you cut it, is an investment in education, as we make more productive people. I would like to ask you specifically: Do you have any statistics on Vietnam era veterans, how much they have used the current educational benefits that were offered?

Dr. KORB. About 30 percent.

Mr. RICHARDSON. Have you spoken to many of these veterans' groups and Vietnam veterans about whether they feel satisfied with the program they currently have?

Dr. KORB. Not specifically.

Mr. RICHARDSON. Well, I suggest you do, because I think probably the strongest support for the legislation that either Mr. Montgomery or Mr. Edgar has introduced has been on behalf of the Vietnam veteran, and I want to tell you that in my district I have a very large proportion of these veterans and this is what they tell me all the time. They would like to see additional educational benefits.

What I don't seem to comprehend, Dr. Korb, is that in the budget that I think in this fiscal year is close to $247 billion, that we are talking about budget constraints within the Department of Defense for a program that I think is an investment for the future, a program that the candidate pledged he would support should he become President.

It just seems to me that there is more than just a budgetary concern with this bill. It seems to me that philosophically you just don't think this kind of bill is necessary. That is what I am trying to get at.

Dr. KORB. Let me make a couple of points.

I have used the Vietnam veterans bill and I found it quite useful. But I went into the Service because we had conscription. I never intended to make it a career, and I felt that it was something that helped me to get back and do the things that I needed to do when I got out of the service.

We no longer have that situation now. More than one out of every two people we enlist reenlist, and we like that. When we had conscription, it was more like one out of ten. We are asking people to come, we pay them much better than we did during the Vietnam era, and as I mentioned before, we had a 67-percent raise for our junior enlisted people in 1973 when we went to the All-Volunteer Force. So I thing one has to keep that in mind.

I think it is important that people go to college. As an educator, I have some doubts about whether the right people go to college, whether they study the right things, and we could go on and debate that if you would like.

The mission of the Department of Defense is to maintain the combat readiness of our Armed Forces, and things that help us do that, I think, are appropriate to be funded by the defense budget. We find now that a combination of enlistment-reenlistment bonuses, offering educational benefits in areas of hard-to-fill skills with generous things, helps us to do that.

Anything more not only might not help us but may hurt us in our primary mission. If something interferes with the primary mission of the Department, then I think it is incumbent upon us to tell the Congress about that.

Mr. RICHARDSON. Thank you.

I have exceeded my time, Mr. Chairman. I just want to point out the fact that it is my understanding from the chairman that the percentage of use of the GI bill for Vietnam veterans is 65 percent, rather than 30 percent.

Dr. KORB. Yes; but what we have to take into account is how many of the benefits were used. In other words, people did enroll but they didn't stay in. It actually comes out to 28 percent of the total benefits, if you take who went in and used the full benefit. About 65 to 70 percent of veterans used at least some of their benefits, but those who did use them used only about 40 percent on average for a total usage rate of about 28 percent.

Mr. SOLOMON. Will the gentleman yield on that point?

Mr. RICHARDSON. I yield to the gentleman.

Mr. SOLOMON. I would just like to point out to the gentleman that, to quote our distinguished chairman, Sonny Montgomery, this committee has always been noted for being a nonpartisan committee and we always work together for the defense of our country and for our veterans.

I would like to point out that Mr. Edgar's statement, where he quoted the Presidential candidate Reagan, that our President doesn't deviate from his positions. Our President compromises according to reality. Let me just tell the gentleman that if this House had given the President what he was asking for in his defense budget, which was 10 percent over inflation, instead of unilateral disarmament, which is what we got, I guarantee the President would be behind this bill 100 percent and he would sign it into law. I will guarantee it.

Let's bring the bill back to the floor and we will pass the 10 percent and we will pass this bill.

Mr. LEATH. Let's not get off the subject, gentlemen, if you don't mind.

Mr. RICHARDSON. I would just like to make one final statement, Mr. Chairman.

I can't resist the fact that if the President was so interested in this bill, he would have introduced it as part of his budget. I didn't see it there. I appreciate the nonpartisanship of this committee, which seems to deviate, but my final point, Mr. Chairman, is again, the Vietnam veteran who I see would be the main beneficiary of the bill gets shortchanged, whether it is talking about agent orange, whether it is talking about educational benefits, or employment and training.

We do it again and again, and I would like to associate myself with both Mr. Edgar and Mr. Montgomery, and I think we can pass a bill like this, partisan or not.

Mr. LEATH. Mr. Edgar has one very short question he wants to ask.

Mr. EDGAR. I kind of tripped over my words before in terms of the cost. I wonder if you might answer one question and then let me make just one very brief comment.

I forgot to ask you to add to the total dollars we were trying to figure out how much you spend on reenlistment bonuses, financial bonuses for reenlistment? Do you know what your total is?

Dr. KORB. I don't have the exact figures here. I can get them for you. I know they were cut substantially by the Congress last year, and as I recall, it came down to about $350 million to $400 million, somewhere in that range. We will get you the exact figures here.

Mr. EDGAR. Thank you. That will be helpful.

[The information follows:]

The selective reenlistment bonus budget for fiscal year 1983 is $457.9 million of which $71.7 million are anniversary payments due from the prior year's reenlistments. For fiscal year 1984, the budget request for the selective reenlistment bonus is $623.9 million including $181.2 million in anniversary payments.

Mr. EDGAR. Let me just make a point to clarify something I said earlier.

In 1995, which is approximately 12 years from today, it is estimated by the Congressional Budget Office that the bill that I have introduced, H.R. 1944, would cost $1.3 billion in that year. Of that, there is some question as to total cost, but there would be a very high figure for transferability, which is $610 million, that is, the ability to transfer to spouses and children.

That is a very controversial provision of the legislation. But in terms of the total amount for the first tier and second tier above transferability, we are talking about $700 million. Only a portion of that would come out of the defense budget because, in fact, the rest would come out of the Veterans' budget, very similar to the benefits provided under the old GI bill for Vietnam and for World War II.

So, it occurs to me that when we are talking about the cost of this to the military, we are really talking under $500 million a year in the out years, because even if the military paid half of it, and I would be surprised if they did pay the total half of it, we are talking a relatively small program.

It seems to me in light of the chairman's comments, that rather than opposing us so strongly and so vigorously as you have in all the previous years that you might work with us to figure out a system, a way, to provide some benefits that fit into your reenlistment plans, your recruitment plans, your plans for retention within the military, rather than simply being an advocate for no action at this point.

I yield back my time.

Dr. **Korb**. If I might, Mr. Chairman, as I mentioned in response to Mr. Richardson's question, our job in the Department of Defense is to maintain combat readiness. We feel we do have a program now of enlistment, reenlistment bonuses, and educational programs that enable us to do that at the least cost to the taxpayer.

Therefore, it is not a question of stonewalling the committee, for example; it is a question of laying before the committee the situation as it is. I think that came clear when we went to the services and said, "What kind of a GI bill would you like and what would you give up for it," and we found out that there was no support for it, which essentially tells me that the present program we have is the way to go.

Mr. **Edgar**. Were those services in agreement with your pay freeze?

Dr. **Korb**. Not that I know of.

Mr. **Edgar**. Thank you.

Mr. **Leath**. Thank you, Dr. Korb.

Mr. **Montgomery**. I am sorry, and I know you want to move on here, but Mr. Korb really is the key to this situation of getting this bill moving again and, Mr. Solomon, I think that the President really hasn't been informed on the education bill. I think that decision has been made in the Department of Defense, and I doubt very seriously and, Mr. Korb, I don't think you could say it, that you have talked to the President about this bill.

Dr. **Korb**. I didn't say that I have. I assume that my boss has.

Mr. **Montgomery**. You assume; you don't know.

Dr. **Korb**. He has never told me that he has talked to him specifically. I know that he has talked to Mr. Meese about it. I can ask him if you would like me to.

Mr. **Montgomery**. Tell us specifically now, on the VEAP program, how much does that cost you, and it is working? How much is that actually costing you?

Dr. **Korb**. I think as I mentioned in response to the previous question, in fiscal year 1984 we are spending $41 million on it. Up to now, we have right now 220,000 military people who are having deductions made from their checks, and 32,000 up to this point are in VEAP.

Mr. **Montgomery**. The Veterans' Administration pays that cost?

Dr. **Korb**. That is corrrect.

Mr. **Montgomery**. On the super-VEAP, who pays for that, and how much is that?

Dr. **Korb**. It is ultra-VEAP, more correctly.

Mr. **Montgomery**. Ultra-VEAP, then.

Dr. **Korb**. Those are paid for by the Department of Defense, paid for specifically by the Department of Defense.

Mr. **Montgomery**. How much is that?

Dr. **Korb**. In fiscal year 1984, $4.5 million.

Mr. **Montgomery**. What you are doing is just sweetening the education of the ultra-VEAP program to get people into the educational VEAP program; isn't that correct? I am really just asking now; I am not trying to lead you down any path.

Dr. KORB. What we are doing with the ultra-VEAP is, we are trying to get high-quality individuals into the most difficult areas to recruit, which is primarily combat arms for the Army. What we are saying is, essentially, because you do not have a skill that you learn in those that is readily adaptable to civilian society, therefore, people who go into those, which are very important skills, should be entitled to get an assist toward education on the outside.

Mr. MONTGOMERY. The change in the VEAP program from the 2 to 1 matching ratio to the 3 to 1, Mr. Chairman, it would have to come through this subcommittee. What I want us to guard against is not to let them turn the VEAP program into an educational GI bill program. If we are going to do that, we ought to go on and move ahead with what we have been talking about all day here.

Senator Simpson has introduced a bill that raises the matching from 2 to 1 to 3 to 1. Now you have ultra-VEAP. We want to be real careful or we will end up getting a GI bill without getting the credit, by the Department of Defense, by the back door, doing what this committee ought to do by the front door.

Mr. EDGAR. Mr. Chairman, would the chairman yield?

Mr. MONTGOMERY. I yield to the gentleman.

Mr. EDGAR. I wonder if we could correct for the record exactly who pays for the VEAP program.

Dr. KORB. I have been handed a note. DOD does pay for it.

Mr. EDGAR. The Department of Defense pays for it.

Dr. KORB. That is correct.

Mr. MONTGOMERY. Pays for what?

Dr. KORB. VEAP. Up until recently. When it was first enacted, Veterans' Administration did, but then we extended it, and now we pay for it.

Mr. MONTGOMERY. I am not going to criticize you. You are too good a witness. I wish you weren't that good. You are bound to make a few mistakes here.

Mr. LEATH. We have talked about most of the other education things, I think. How much do we spend on in-service military education, Dr. Korb; do you know?

Dr. KORB. Tuition assistance outlays, Mr. Chairman, in 1983 are about $71 million, and for 1984 we estimate they will be about $78 million.

Mr. LEATH. I think in light of what Chairman Montgomery has pointed out, probably the President most likely isn't aware of this very small program, very vital program.

I would certainly hope that you would take it as a charge of the chairman and of this committee to make sure that the President, not Mr. Meese, or Mr. Baker, or anyone else, but that the President is aware of this program and get his response on that. I think that would be interesting. I know his previous feelings and I really tend to agree with the chairman that they most likely have not changed.

I realize that Mr. Solomon says that budget restraints trap all of us, but I think that maybe it might be important for the President to have a personal briefing and review of this.

Thank you, Dr. Korb.

Dr. KORB. Thank you, Mr. Chairman.

Mr. **Leath**. Our next witnesses will be a panel composed of Lt. Gen. Maxwell R. Thurman, Vice Adm. Lando W. Zech, Jr., Maj. Gen. Kenneth L. Peek, and Lt. Gen. C. G. Cooper, representing the Army, Navy, Air Force, and Marines.

I am glad we haven't got a war going on with all you guys having to sit back there and cool your heels for so long.

General Thurman, certainly we want to commend you for your recent nomination by the President to be the new Vice Chief of Staff of the Army. We rest assured that you will be confirmed and we look forward to working with you, not only on this committee but on the Committee on Armed Services.

As I understand it, the staff tells me that you don't have prepared statements; that we will just talk. You might want to make some comments and then we can respond to questions.

Would you like to start it off, General Thurman?

STATEMENTS OF LT. GEN. MAXWELL R. THURMAN, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY; VICE ADM. LANDO W. ZECH, JR., DEPUTY CHIEF OF NAVAL OPERATIONS, U.S. NAVY; MAJ. GEN. KENNETH L. PEEK, DEPUTY CHIEF OF STAFF FOR MANPOWER AND PERSONNEL, U.S. AIR FORCE; AND LT. GEN. C. G. COOPER, DEPUTY CHIEF OF STAFF FOR MANPOWER, U.S. MARINE CORPS

STATEMENT OF LT. GEN. MAXWELL R. THURMAN

General **Thurman**. I would appreciate that, Mr. Chairman.

I just want to say that your committee is conducting very important work to link service to the Nation and help young men and women to achieve their aspirations through education.

Speaking for the Army, the Army must have an educational pull mechanism permanently authorized in law which is not subject to the vagaries of year-to-year change.

We recently conducted a survey, perhaps not one like you did in Biloxi, but we did ask 6,500 first-termers who came in last year what was the most important feature influencing them to come in. Among the highly qualified, persons in the upper tier on the Armed Forces qualification test, both in enlistments into the Active and Reserve components, money for college education was the top motivator.

Beyond being incentives, the money benefited the individuals by aiding them toward college educations. Thus, the education benefits about which we are speaking do two things at once. They are recruitment incentives for us, and they are rewards for service to the Nation.

Our program over the last year, as Dr. Korb indicated, has expanded our market for smart high school graduates, and this is particularly important as the numbers of potential enlistees decreases in the coming years. We estimate, by the Bureau of the Census data, that the eligible population will be down about 1.3 million between fiscal year 1982 and fiscal year 1987.

Quality is very important to us. Not only does a smart soldier better employ the weapons at his or her disposal; he or she learns the job quicker, retains the knowledge longer, and is more likely to complete the training program. My own opinion is that a more effective educational benefits program could be developed, not subject to the vagaries of year-to-year change, and the four features that have already been included in Mr. Edgar's remarks are essential to that program.

So, with that sort of introduction, I appreciate the opportunity to answer your questions.

Mr. **Leath**. Admiral Zech, I think what we probably will do is let each one of you comment and then we will come back for questions to the whole panel.

STATEMENT OF VICE ADM. LANDO W. ZECH, JR.

Admiral **Zech**. Thank you, Mr. Chairman.

Mr. Chairman, I appreciate the opportunity to appear before this subcommittee to testify on the GI bill. On a number of occasions, I have had the privilege of testifying that a GI bill education program would be good for our country and good for the Armed Services.

The GI bill is an investment in the Nation's future, and one of the most valuable benefits we can provide to our service members. The Navy supports the concept of a basic educational entitlement in return for honorable military service. We believe that a GI bill should be universal in its application, the benefits should be the same for all the services, and apply to officers and enlisted personnel alike.

The basic and supplemental entitlements should not be targeted. The bill should provide for a two tiered system of benefits based on length of service; the concept of transferability should be included as an option.

Finally, any new GI bill should allow those personnel who currently are eligible to receive the GI benefits under the Vietnam era bill to continue to be eligible for these benefits for 10 years after their retirement, or come under the new program at their option.

I believe it is important that the bill be structured not only to attract people to the services, but that it should have some feature or features that would encourage them to remain in the service.

Having said this, I must be realistic and say that at the present time, with recruiting and retention so successful, if Navy were required to pay for a GI bill, I would be hard pressed to justify the additional expenditure of funds which would be required.

Mr. Chairman, I believe that no Americans are more deserving of educational assistance than those who serve our Nation in the military services. I believe that their service and their sacrifice should be rewarded. Although the individual services would benefit greatly by a GI bill, I believe in the long run our country benefits even more. Therefore, I believe that a new GI bill should be administered and funded by the Veterans' Administration, as it has been in the past.

I thank you again for the opportunity to appear today and I am ready to answer any questions you may have.

Mr. **Leath**. General Cooper.

STATEMENT OF LT. GEN. C. G. COOPER

General **Cooper**. Thank you, Mr. Chairman.

Just to keep my remarks brief, sir, I would say that I fully endorse the thrust of what Admiral Zech has set forward as a position on the GI bill. I would certainly commend this committee for the work that it is doing, and I encourage you to continue it.

The GI bill to me is long-range planning and investment for the hard times ahead, as far as someone who is dealing with manpower in the military. I think the key issue here today is who is responsible, and who will pay? I think the great concern on the part of all the services is that while we are having a very successful time of it right now in procuring high-quality young people and retaining them rather successfully, we may be required to fund for this particular program and we would have to give up something that we can ill afford.

I would like to separate that particular concern, but I want to get it on the record because I think it is something that drives an awful lot of the considerations here.

I would commend H.R. 1944 and H.R. 1400 as having some most desirable provisions, but I would say that I have some qualms about the leave of absence provisions and the targeting. I think it should be across the board. I think it should be the same for officers and our troops, and for a man who is willing to fight for his country, regardless of his rank or his previous education, he should be afforded this opportunity. I think it would be terribly discriminatory to have those measures cranked in.

I think that a measure of an across-the-board eligibility based on a period of service is the concept that we would most strongly support.

We would like to point out that youngsters coming in now, and for the recent years that have been coming in, are hungry for education. Certainly, not all of them are college bent, but they all want to learn and prove themselves and follow a number of educational disciplines in the community college and vocational areas. This is attested to by the large number of our troops that are taking tuition assistance programs. Our units in Lebanon and all over, deployed overseas, are very active in these areas. So they are hungry. They can take some of that dead time while they are deployed and put it to creative purposes.

As the bottom line, sir, I would like to commend you and the members of this fine committee for your interest in our future. I think that a GI bill is a must for the future. I have been in the recruiting business, and I can look down the pike and know that the talent market is going to become much smaller, competition is going to become much more intense with industry and other means looking for the quality of youngsters that we want, and I think that a good education bill in the future will be of great assistance.

Thank you.

Mr. **Leath**. General Peek.

STATEMENT OF MAJ. GEN. KENNETH L. PEEK

General **Peek**. Mr. Chairman, thank you very much for giving me this opportunity.

I share many of the same views and some of the same concerns as my colleagues from the other Services. But there is no question about it: A new GI bill would help recruitment, retention and society, and I think it is especially important as we look down the road and see a recovering economy, a declining pool of eligible youth to serve their country, and some programed growth in the Air Force.

A new GI bill would help us attract and retain the kinds of people that we need in the increasingly complex and high technology Air Force that we have today.

There are, however, some restraining considerations. There is, today, a healthy recruiting and retention climate, very high rates, although not tested in an improved economic environment. Also, as the funding sources are currently proposed, the cost of a GI bill could precipitate some very tough program priority decisions.

One initiative that we think needs immediate attention is extension of the Vietnam era GI bill expiration date, because we do have members faced with either continuing service and foregoing their educational entitlement or separating to go to school. It is difficult to estimate the impact that dilema could have, but to let you know the magnitude, about 49 percent of the Air Force overall today are Vietnam era GI bill eligible.

We think the most likely to separate would be our experienced junior officers and NCO's, in the 6- to 12-year group, and as people talk about changing the retirement system and things like that, they very well could separate to go to school.

Finally, we think there is an equity issue in the date. We don't want to penalize those people who have extended their service. We did provide a 10 year benefit use period for those who separated earlier, and we want to do the same for the people who are on board today.

That completes my remarks. Thank you very much.

Mr. **Leath**. Thank you, General.

Chairman Montgomery.

Mr. **Montgomery**. Mr. Chairman, I will be very brief.

General Cooper, what is the average age of the Marine Corps? I guess what I am driving at is how many young people you have under 19 in the Marine Corps now, 19 years of age?

General **Cooper**. Sir, the average rank in the Marine Corps is lance corporal. I could translate that into about 21, sir.

Mr. **Montgomery**. But is 50 percent of the Marine Corps under the age of 20?

General **Cooper**. No, sir, 36 percent are below 20 years of age.

Mr. **Montgomery**. You have a higher percentage than all the other services?

General **Cooper**. We have probably the highest percentage of all the services rank-wise.

Mr. **Montgomery**. Age-wise.

General **Cooper**. Yes, sir, that is correct.

Mr. **Montgomery**. I guess my point is, the Marine Corps should be interested in educational benefits if 36 percent of the Marine Corps is under 20 years of age. I think you should have a deep interest in it.

General Thurman, I appreciate your testimony. All the problems with personnel usually start in the Army because you are the largest unit of the different services. I appreciate your testimony that you need the GI education bill and you think it would help you.

General **Thurman**. I appreciate your support, Mr. Chairman.

Mr. **Montgomery**. Thank you.

Mr. **Leath**. I was just sitting here going over the cost of this. Certainly, I understand everybody's concern for budgets, but I just have to agree with my chairman and with Mr. Edgar in the figuring of it.

As I look at the estimated cost of H.R. 1400, and I don't have the statistics on the other one, but as I look at the estimated cost of H.R. 1400 over the next number of years, I am just somewhat appalled that we are using that as an excuse. In 1983, $1 million; 1984, $6 million; $17 million in 1985; $50 million in 1986; $62 million up to a maximum in 1995 of some $324 million, which we are talking about splitting up essentially among the four services.

Certainly, I also recognize that recruitment is better, retention is better, but we have got to be smart enough to understand that the basic reason for that is this recession. If we don't have enough sense to prioritize what our force structure is going to be like in the next 3, 5, or 10 years, then, gentlemen, I just have to say we aren't doing our job. I recognize the box that you are in. It is extremely difficult. I think if we closed the doors and got everybody out of here and debugged the room and got your personal opinions, you would have stopped about halfway through your speech. You wouldn't have got out all that other canned garbage that is on the bottom of it that the civilians over there have told you to bring us. I recognize that and I understand it.

But dad-gummit, we just have to keep reminding the services that it is not your job to worry about money. That is our job, and if we don't do it properly and if we don't do it in accordance with the way the public wants it, they can change us every 2 years. So I wish that we could get people this way all the time before the Committee on Armed Services that would come over here and tell us what we need.

In other words, it doesn't do us any good to waste 4 or 5 hours of your time and waste our time sitting in here not determining what we need. If this bill is important, and if educational assistance [illegible] program of this type is important to the defense forces in this country, to the retention, to the recruitment, that is the bottom line. It is important. All of this talking that takes place about cost concerns, you know, the Pentagon spills more money than we are talking about on a weekly basis. We can find that kind of money someplace.

But I have to apologize to you. I wish we had asked Dr. Korb to stay. It just seems to me that that is about the flimsiest of flimsy excuses that we can come up with, just to say, "Yes, this is really a great deal and we desperately need it and we are going to need it in the future, but we can't find $17 million. We can't find $50 million."

So I hope however it is done within the framework of the establishment that you can put some heat on the bottom of this thing and make Dr. Korb, if he is the roadblock, whoever the roadblock might be over there, understand that this is not just some little fun exercise that we are going through. You have things that you could be doing and we have things that we could be doing. We consider it the Nation's urgent business.

Having used my time in that eloquent speech, I will yield to my friend, Mr. Solomon.

Mr. SOLOMON. Let me just tell Chairman Leath that I concur in almost everything that he just said, especially the part about it being the job of Congress to come up with the money. Unfortunately, we are not doing a very good job in that area when the budget that we pass out of this House is less than what Jimmy Carter asked for when he was president.

But the message that I got from all four of you gentlemen was that a new GI bill is good for America and it is good for the armed services. I would just like to tell you that I think we are going to get a new GI bill, with the backing of this full committee, and I think it is important, bearing in mind that we are going to get one sooner or later, that we would like your constructive criticism on the differences between H.R. 1400 and H.R. 1944. I don't expect you to give it to us today, but we would like it in writing from you as to just what your feelings are on those two bills, and which one we could live with, because in my opinion we are going to get one, and I think we are going to get it this year.

Thank you.

[The information appears on page 95.]

Mr. LEATH. Mr. Edgar.

Mr. EDGAR. Thank you. I just have two areas that I wanted to talk to all of you about, and I really appreciate your testimony. I, too, wish that Dr. Korb would have stayed, or kept some of his staff here to listen, because I think there are some pertinent points that the uniformed services can provide to the civilian side of the House on the value of an education bill.

My first question is: The 5-year projections of 18-year-old males reduces the present level by about 20 percent for recruitment. In your 5-year defense plan, what planning actions are you taking to compensate for the decreased manpower resources that will be available 5 years, 10 years down the line?

General THURMAN. If I may start, sir, from the point of view of the Army, we continue to program money in our 5-year program against our current program which is called the Army college fund, or what has been termed here today "ultra-VEAP." By 1989, I would forecast that the dollar investment would be $139 million.

That has been a program that has paid off for us. In 1979, we were short 17,000 people. As Dr. Korb indicated, about 50 percent in the lower scoring population in 1980. Now, we turned that around dramatically. We are meeting the challenge of Congress, which said 65 percent high school graduates. We are now running about 87 percent.

You asked us to bring in not more than 20 percent AFQT category IV, and we are down to 16 percent. So we can meet it, but I just want to indicate that the dollar value that was mentioned by the previous speaker who said it was $4 million, actually that is going up to $139 million by 1989.

We are programing that money, because we don't have a GI bill to program against, and we must program educational resources.

Mr. EDGAR. Admiral Zech?

Admiral ZECH. We, too, are planning on a strategy for the growing Navy which is based on successful recruiting as well as successful retention. Our recruiting strategy is based on bringing into the Navy about 100,000 people each year. We have kept that a level figure, recognizing the fact that the male market is declining, as you have pointed out, and also with what we expect in an improving economy.

That is a very real challenge for us; to maintain that 100,000 figure into the out years. We are concerned, and there is some risk involved, whether we can bring in those people. We have programed the funding, however, in the out years to do so.

Our other part of the strategy, of course, is successful retention. Our successful retention is based on rather challenging goals. For example, the first-term reenlistment that we must achieve in the out years to man the growing Navy is 49 percent. First-term retention is presently 54 percent. The second-term retention goal is 63 percent, and we are exceeding that target right now. The third-term goal that we have set, this is the career people, is 96 percent. We are slightly above that goal at 97 percent.

But, essentially, at the moment we are meeting our recruiting goals and we are meeting our retention goals. My concern, frankly, is for the future. That is a very real concern. As that market declines and as the economy improves, we in the Navy look forward to a very severe challenge in order to meet those goals, which we must make in order to man our growing Navy.

Right now we are making those goals. We are right on target and we are making our goals.

As far as the GI bill then factors into the strategy that we see, it is difficult for me to tell you we need a GI bill this year because we are making the goals, as I have stated. However, I am looking ahead to the future, and I am very concerned that in that challenge we face in both recruiting and retention that we will, indeed, be able to keep up the success that we are achieving at the moment.

So I believe in making hay while the sun shines. It seems to me that we ought to be looking at the future right at this moment. That is why I really believe that a GI bill is very important, as I have stated earlier, not only for the armed services, but for the country.

Mr. **Edgar**. General Cooper.

General **Cooper**. I would just like to reiterate one comment that I made earlier: that I feel that the GI bill really is an investment for the hard times ahead. I have seen the Marine Corps struggle from back in the early AVF days when we made some bum assumptions on the quality of people that we could continue to get, and back when our recruiting service was not geared up for the problems that it encountered, and our lack of quality control in some of our accessions in those days.

I am very proud that I have been a large part of the improvement in our procurement systems. We have our act together, and we have found the only way we can get good people is to put good people out there who can, in effect, clone themselves. If you want an avionics man, you better put an avionics man out there recruiting and talking to the high school guidance counselors.

But as we become more and more education oriented, I do feel we need a viable program, one that is going to offer incentive, and

I think that we have to recognize that it is not just the Department of Defense that should help shoulder this vital program because this is an investment in the future of our country.

So we are programing to keep our recruiting service professional, career planning as we call our retention efforts, and the growth of the Marine Corps now is a modest growth of approximately 2,000 each year, up to a level in about 4 years, based primarily on improved retention, because we are trying to age our career force and expand it somewhat.

Mr. **Edgar**. General Peek?

General **Peek**. We are doing our very best to insure that we have a very strong recruiting infrastructure through advertising and things of that nature, and top quality recruiters.

Our problem in the Air Force is slightly different than that of the other services. We are a high-tech kind of an operation. Many of the young men and women want to come into the Air Force. Our major issue and problem is retaining those qualified people after we have provided the training to them and they have accrued 3 or 4 years of experience.

If our retention rates decline, it causes two problems: Number one, our experience levels decrease and we have to go out and then recruit more people, so those numbers that we have to bring in out of the shrinking pool become higher. So really the retention part is where we tend to focus in the Air Force, and that is why we think it is very important that any bill have a provision that would enable us to insure retention and not create a revolving door.

Mr. **Edgar**. General Peek, you bring me to my final comment and question, a lot of talk today with you and previous speakers about cost.

My guess is that we haven't added in the savings if, in fact, we put the retention clauses and provisions into a GI bill that would, in fact, be savings in the long run.

I would like to quote from Admiral Zech's testimony on September 21, 1981. Admiral Zech, you said the following:

> Since defense resources are constrained, would your service be willing to lose resources in some other program in order to fund educational assistance for enlistees, a transferability feature, and an entitlement for Reserves?

You stated:

> We believe that the educational bill would provide a significant increase in the quality of people in our Navy. We believe that not only the Navy would benefit, but the country would benefit. We believe that the long-range benefits of an educational bill would indeed have some kind of funding payback, resources that we could use, cost reductions, for example.
>
> There would be long-term savings, for example, if we bring in more quality people. We see that our training costs could go down. Our recruiting costs could perhaps go down. We see attrition going down. So we see recruiting and training cost benefits. We see attrition improvements. We see, in the long-range, reductions that could be made.
>
> We also see the possibility of bonuses being reduced in the years ahead with the quality people we estimate we would receive from an educational bill. In summary, we see long-term cost savings.

None of that has been factored into CBO's analysis or the administration's analysis, into how much, in fact, this would cost us, and if, in the all-volunteer military's 5-year plan to make up for a 20 percent cut in recruits that will be available out there, we don't consider the high cost of retaining people every 2 or 3 years if we can't retain them, and the savings that we can accrue if we have retention provisions within the bill.

Thank you, Mr. Chairman.

Mr. **Leath**. An excellent point.

Mr. Evans.

Mr. **Evans**. General Cooper, I guess you answered my question in your testimony, so I don't need to ask it, but one area I do want to focus on just for a minute and get brief comments from everybody:

We were down in Mississippi and I asked some of the Air Force personnel who testified there what the services were doing for people while they are in the service, and they talked about the Community College of the Air Force, which I think is a good concept because that helps retain people, but it also helps with remedial skills, I understand, and helps train people while they are in the Air Force or the other services so that once they get out, they have the skills to use the GI bill and it makes the use of the GI bill, I think, more effective and efficient.

I don't know, General Peek, if you care to comment more beyond what the Community College of the Air Force does, but I would also like to hear what the other services are doing just very briefly, if I could.

General **Peek**. I would be glad to, just briefly, and I think this is a point that needs to be made.

I know we tend to talk about one particular bill, or what something does, and then as though some of the other things could either be eliminated or reduced. As I talked about the kinds of people who come into the Air Force and the kinds of skills that they bring with them and we train them on, we think it is important that we have a tuition assistance program, because a lot of these young men and women want to come into the Air Force. They want to learn, maybe, about avionics; but they also want to take courses on the side.

So it is not just a GI bill approach to that. Tuition assistance programs, I think, are very important. So we have emphasized to our people these off-duty education programs, whether it is the Community College of the Air Force or the local schools, universities frequently, local colleges who have off-duty education programs for our people. We stress self-improvement efforts in the Air Force in that regard.

General **Cooper**. I touched on this briefly, but I am an avid supporter of on-duty or off-duty education, active duty education. We are very fortunate, and I am sure the other services are, too, with the caliber of civilian schools that surround our major installations and the flexibility that they show in remote areas of setting up schedules to fit deploying units, even sending people with them on deployment or flying them overseas to meet with them and to administer exams, and so forth.

Mr. **Evans**. What I might add for the benefit of the committee members, when I was in the Marine Corps the University of Maryland had a Far East division on Okinawa at which I took some courses. So that is going pretty far to extend services, from Maryland to Okinawa.

Do those programs still exist in the Marine Corps?

General COOPER. They certainly do, and Okinawa is a prime example of one of the really fine places where we have a number of colleges represented for the Navy, Air Force, Army, and Marine Corps.

Admiral ZECH. As far as the Navy is concerned, we have approximately 106,000 of our Navy people, which is about 19 percent of our Navy, involved in some kind of off-duty educational program. I think that is a very significant number because when you consider that many of our people are deployed onboard ship and at other stations where the programs are not available, I think the figure is then even more impressive.

The point is, we have many, many of our Navy people involved in educational programs right now, and I think that shows you the great interest in education that Navy people have.

General THURMAN. We, too, have a program of inservice education, tuition assistance up to 75 percent for off-duty education and the like, and we have over 150,000 servicemen participating. Incidentally, their spouses are able to participate where space is available in certain areas. It is a very important part of our program.

That just goes once again to show that high-quality people want to elevate themselves through education, and that is good for the country.

Mr. EVANS. Another thing is, General Peek, I understand NCO school translates into so many hours in the Community College of the Air Force. Have colleges recognized that when people transfer from the Community College of the Air Force to other institutions generally?

General PEEK. It depends upon the institution as to what type of credit they may get for these various military schools or experience.

Mr. EVANS. Does the Marine Corps or the Navy or the Army have that?

General COOPER. Yes. There is a credit program for a number of these colleges for formal schools that we conduct.

Mr. EVANS. Just one quick last question.

I took some courses also in the Marine Corps in the Marine Corps Institute. Does the Marine Corps continue to have those kinds of courses available, which I know sometimes are, for some of our marines, for remedial math and english kinds of courses. Are those courses available in the Marine Corps still and in the other services?

General COOPER. Yes. That is true, and I am a former Director of the Marine Corps Institute, incidentally.

Admiral ZECH. And the Navy has similar programs.

General THURMAN. The Army also has wide-ranging extension course programs from the Army service schools.

General PEEK. As does the Air Force.

Mr. LEATH. Gentlemen, thank you very much. Your comments and your testimony have been extremely enlightening and we appreciate your support.

General THURMAN. We appreciate your support, sir. Thank you very much.

Mr. LEATH. Our next witness will be Miss Dorothy Starbuck, accompanied by Mr. Dollarhide and Mr. Kane.

Dorothy, you must listen to more testimony than anybody in Government.

Miss STARBUCK. I think you are about right, Mr. Chairman, but it is interesting.

Mr. LEATH. We are delighted to welcome you. It is getting close to dinnertime.

Miss STARBUCK. Yes; it is. I will be more than brief, Mr. Chairman.

Mr. LEATH. Thank you.

STATEMENT OF DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION; ACCOMPANIED BY CHARLES L. DOLLARHIDE, DIRECTOR, EDUCATION SERVICE, VETERANS' ADMINISTRATION; AND JAMES P. KANE, ASSISTANT GENERAL COUNSEL, VETERANS' ADMINISTRATION

Miss STARBUCK. It is a pleasure to be here this morning, and I have enjoyed listening to the testimony. I will ask that my full statement be made a part of the record.

Mr. LEATH. Without objection, it is so ordered.[1]

Miss STARBUCK. Thank you, sir.

We have, in the Veterans' Administration, very carefully reviewed the four measures which are currently pending before this committee. As Mr. Korb has said, our differences are not philosophic, but we have, in the Veterans' Administration, consistently supported the Department of Defense in its position about the currency of the need for this program and we have favored their position that with the recruitment and retention success they have had, the time is perhaps not now for the bill.

There are many aspects of each of these measures that we find totally acceptable and, of course, there are some aspects with which we would take exception.

You asked that we comment on the VEAP program. Mr. Edgar has made some reference to the participation rate, the dropout rate, and the educational pursuit rate under that program.

I would like to recommend to the committee two proposals for consideration for improvement in this program. One is to parallel it with the GI program and make available to participants in the VEAP program accessibility to on-the-job or apprenticeship training programs.

I would recommend, however, that this availability be confined to those persons who have completed their military duty and have been released or discharged from the service. We feel that making these two programs available to them would be equitable and profitable.

Second, the recommendation that I would make is that while we do not have the authority now to permit an acceleration of payment of educational benefits, we feel this would be to the advantage of individuals who want to take fast-track, high-cost programs. So where it would be of benefit to the Government, as well as to the individual veteran, we would be pleased to have the authority to accelerate payments.

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[1] See p. 65.

One final area, Mr. Chairman, that I would like to call to your attention is the repealing of the December 31, 1989, termination date for the current GI bill program.

You have heard many expressions of the advisability and the desirability of this, and we agree with the position of the Department of Defense and the many services that this proposal be favorably acted upon by the Congress. That would allow those individuals who have eligibility under the current bill to be retained in service and still have that eligibility remaining to them.

Mr. Chairman, that is a very brief summary of a lot of words, and we will await your questions.

Mr. LEATH. Thank you, Miss Starbuck.

Mr. Solomon.

Mr. SOLOMON. Miss Starbuck, as I mentioned earlier to some of the other witnesses, I couldn't help but notice the rather high figures concerning the number of service personnel, I believe you said in your written testimony 232,000, who have dropped out or disenrolled in the present VEAP programs.

Do you have any idea as to why so many have chosen to discontinue their participation in the present educational assistance program?

Miss STARBUCK. We have not made specific inquiry into that. It has been our general impression that the depression of the economy was basically the reason for these individuals who had accumulated funds in the VEAP program, and they were just responding to an immediate need that was personal with them.

Mr. SOLOMON. Since it is going to be the VA that will administer the program under consideration here this morning, rather than having you comment at length on any particular administrative difficulties you have identified in the bills before us today, without objection, I would like to ask you to give us your opinion on these difficulties that you have identified in the two bills before us here today.

Miss STARBUCK. Within the four that are being considered, one of the problems that we have is a continuation of the education loan program as one of the provisions in two of the bills.

Our experience with the education loan program, I guess, can best be described as dismal, and I don't believe that the availability of loan programs within a comparatively generous payment system of benefits should be continued.

There is another provision in H.R. 64 which disturbs us a great deal, and that is that found in section 1404 of the bill which deals with the certification of pursuit, the rate of pursuit at an educational institution meaning under the rules and regulations of such institution.

We have had great difficulty in the administration of the GI bill program in allowing institutions to determine what they themselves consider a full-time, half-time, or part-time pursuit and certify to us. We feel it is incumbent upon us to monitor what rate of pursuit is, so that the expenditure of the taxpayers' dollars are, in fact, meeting the effort that is being put forth by the trainee.

Mr. SOLOMON. I noted your recommendations for improving the present VEAP program with respect to providing for on-the-job training and graduate programs. I would like to know if you are proposing these changes as an alternative to the bills that we have before us today.

Miss **Starbuck**. No, sir. These are only with respect to the VEAP program. If that is the program to continue, we feel that those two additions would be to the advantage of trainees.

Mr. **Solomon**. Just one last question. Again going back to the on-the-job training like computer programs and graduate programs, have you worked with the Department of Defense? In other words, you say you are going to be making recommendations, but are you going to give us this in a bill form, and have you discussed it with the Department of Defense and the other branches of the armed services?

Miss **Starbuck**. We generally coordinate very closely with the Department of Defense with respect to positions on legislation, particularly where we are dealing with recruitment and retention incentives.

The comments that would come from the Veterans' Administration with respect to the administration of any new program would basically be the comments of the Veterans' Administration as developed historically over our longtime administration of educational bills, but there would be nothing in those comments that would in any way counteract comments by the Department of Defense.

Mr. **Solomon**. That is all I have, Mr. Chairman.

Thank you, Miss Starbuck.

Miss **Starbuck**. Thank you, Mr. Solomon.

Mr. **Leath**. Miss Starbuck, if H.R. 1400 or a similar piece of legislation were enacted this year, will the Veterans' Administration be prepared to efficiently and effectively administer the program?

Miss **Starbuck**. We would be prepared to do so, sir, but not with the current staffing level that is anticipated for us for 1984. It would be necessary that we have some support in that area.

Mr. **Leath**. Do you have any idea at this point?

Miss **Starbuck**. I think I have a figure here.

The cost generally would begin to surface in about 1985 and would peak out in 1988. The long-term cost, the 5-year cost, would be about $5,304,000.

Mr. **Leath**. For personnel?

Miss **Starbuck**. For personnel; yes, sir.

Mr. **Leath**. About $5 million.

Miss **Starbuck**. A little over $5 million.

Mr. **Leath**. Over what period of time?

Miss **Starbuck**. A 5-year period, sir.

Mr. **Leath**. Very reasonable. I am sure Dr. Korb is going to go pray over this matter and should he have a revelation, for whatever reason, either from Pennsylvania Avenue or up above to change DOD's opinion on this vital piece of legislation, don't you think that the VA would be most supportive of the efforts if they had a cooperative DOD from a funding standpoint?

Miss **Starbuck**. Indeed, we would be, sir.

Mr. **Leath**. Thank you very much. We appreciate your usual good answers and testimony.

Miss **Starbuck**. Thank you very much, Mr. Chairman.

Mr. **Leath**. Mr. Fleming wants to ask you one question.

Mr. FLEMING. I just want to make sure for the record, Miss Starbuck, that the two reservations you expressed about the legislation, on two of the bills, neither of those reservations are contained in H.R. 1400 or H.R. 1944?

Miss STARBUCK. That is correct. I am aware of that.

Mr. LEATH. Thank you, Miss Starbuck.

Miss STARBUCK. Thank you, sir.

Mr. LEATH. Our next panel will be Col. David J. Passamaneck. Did I do that right again, Colonel?

Colonel PASSAMANECK. You did, sir.

Mr. LEATH. That is twice in a row.

Mr. Michael Schlee, director, national security/foreign relations commission and Paul Egan, deputy director, national legislative commission, the American Legion; Mr. James Magill, special assistant, national legislative service of the VFW; and Steve Edmiston, associate deputy national legislative director of the DAV.

Welcome, gentlemen. I would certainly request, since it has been a lengthy hearing, that none of us would get too verbose at this point. We would be glad to include anything in the record that you care to submit.

We will just start with you, Steve. Give us a summary of your statement, if you would, and we will include the entire statement in the record.

STATEMENT OF STEPHEN L. EDMISTON, ASSOCIATE DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. EDMISTON. Thank you, Mr. Chairman.

It is indeed a pleasure to be here this morning on behalf of the more than 757,000 members of the DAV, and to be very brief, the DAV does not view H.R. 1400 in the context of veterans' legislation that is traditionally the purview of this subcommittee; that is, this bill does not represent a proposal for a new or improved program of educational readjustment benefits designed to meet the needs of veterans who have set aside or temporarily postponed higher educational pursuits because of voluntary active duty wartime service or conscription into the armed services.

The DAV, in our view, views the pending legislation as a recruitment and retention incentive for the all-volunteer military force. The DAV has no objections to any congressional efforts to make service in the military more attractive; however, we do object to the VA funding any portion of such an effort.

That would conclude my remarks, Mr. Chairman. Thank you again for allowing us to appear here today.

[Mr. Edmiston's statement appears at page 68.]

Mr. LEATH. Thank you. Mr. Magill?

STATEMENT OF JAMES N. MAGILL, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS

Mr. MAGILL. Mr. Chairman, thank you for the opportunity to present the views of the Veterans of Foreign Wars with respect to legislation providing for a peacetime GI bill.

The VFW supports the concept of a peacetime GI bill and has testified so on previous occasions. We recognize the undeniable need of the military to attract and retain qualified, high-caliber personnel.

When we last testified before your subcommittee, the military was having a difficult time meeting recruitment quotas, but we understand at the present time this is not a problem. However, we believe the Nation's economic situation and the recent high levels of unemployment account for this.

Mr. Chairman, a number of bills provide for a peacetime GI bill, and in my prepared statement are a number of concepts we would like to see incorporated into a final proposal. While all of the bills, including H.R. 1400 and H.R. 1944, have some provisions we would support, they also contain some provisions we would like to see removed.

With respect to the VEAP program, we believe it is mostly a recruitment tool and does not encourage retention. We believe the 2-tier system provided in the various proposals would be more beneficial in providing for recruitment and retention.

This concludes my statement. I will be happy to respond to questions.

[Mr. Magill's statement appears at page 70.]

Mr. Leath. Do you want Mr. Schlee to summarize on your behalf?

Mr. Egan. Yes, he is going to summarize our remarks.

STATEMENT OF MICHAEL SCHLEE, DIRECTOR, NATIONAL SECURITY/FOREIGN RELATIONS COMMISSION, THE AMERICAN LEGION

Mr. Schlee. Thank you, Mr. Chairman.

It is certainly a pleasure to represent the American Legion and to present comments on a proposed educational incentive or a so-called peacetime GI bill today.

Two of the measures under consideration, H.R. 1400 and H.R. 1944 have merit and would likely accomplish their stated purposes to a greater or lesser extent. Necessarily, our statement today has to be tempered by the nationally adopted resolution by our national convention in Chicago last year.

Unlike the previous 2 years, our resolution is relatively simple. First, we do support recruitment and retention legislation as an incentive program for active and Reserve forces.

No. 2, the American Legion believes this program should be funded by the Department of Defense and administered by the Veterans' Administration.

In our view, both H.R. 1400 and H.R. 1944, which, if taken together with other legislation that will eliminate the Vietnam era program termination date, could serve as a retention incentive even for Vietnam era veterans deciding to make military service a career.

At the present time, as was stated today, none of the armed services are experiencing the severe recruitment and retention problems with which they were plagued just 3 short years ago. Indeed, if we could be positively sure that this would be turned around in the long term, the justification for a peacetime GI bill would be practically nonexistent, with one major exception. That important exception is to insure now and in the future the recruitment and retention of quality personnel.

With this in mind, the services have testified that the current educational assistance program has limited impact on recruitment and retention. The low participation rate, coupled with the relatively high withdrawal rate, certainly highlights the marginal benefits of the existing program. It is merely a minor incentive for recruitment and retention and is certainly well down the list of incentives and other quality-of-life factors.

As pointed out consistently today, Mr. Chairman, the state of the Nation's economy certainly has a profound impact on recruiting and retention. Moreover, demographics make contributory educational programs even less desirable in the future. Then I cite the Congressional Quarterly's 1980 publication, "U.S. Defense Policy: Weapons, Strategy and Commitments," which asserts that in 1980 the military service needed and recruited 1 of every 4 qualified and available males. They project that by the mid- to late 1980s, with the babyless period, the services will need to recruit 1 of every 2 qualified and available males.

As a matter of policy which the Legion has adhered to in the last 2 years, the GI bill model for recruitment and retention is preferable to a contributory educational program. This is because, as stated above, economic conditions and social attitudes may well change the climate in which young people decide whether or not to enter the military service. Moreover, while economics may create instability for military personnel planning, demographics will surely make potent incentives a necessity in the future.

After having tendered support for a GI bill model, it is worthwhile here also to explore some reservations.

First, both H.R. 1400 and H.R. 1944 are more or less generous educational entitlements, even though they require performance of specific enlistment periods. Importantly, each seems predicated on an assumption that the all-volunteer concept will remain as the only mechanism to fill the ranks of the military services.

This assumption may not be appropriate if the demographic constraints cited above or the outbreak of hostilities requiring U.S. military involvement dictate large infusions of scarce 18-year-old male resources in a short period of time. In that eventuality, it seems reasonable to assume that the Nation would have little choice but to return to conscription.

Apart from the fact that the Legion has always regarded conscription favorably, how might the veteran of a future conflict reconcile the equities of being eligible for future educational readjustment benefits no greater than those received by his peacetime peers?

If, in the wisdom of the Veterans' Affairs Committees and the Congress, either piece of this legislation is enacted, the Legion would take exception to the provisions that require funding by the Veterans' Administration. Clearly, the VA has successfully administered each GI bill in the past, and unquestionably, with additional staffing, can administer effectively any new program. However, it is our belief that it is clear that the principal purposes of both pieces of legislation are for recruitment and retention of the Armed Services, and we feel it should be a Department of Defense funding responsibility.

I thank you, sir.

[Mr. Schlee's statement appears at page 71.]

Mr. LEATH. Col. Passamaneck?

STATEMENT OF LT. COL. DAVID J. PASSAMANECK, NATIONAL LEGISLATIVE DIRECTOR, AMVETS

Colonel PASSAMANECK. Thank you, Mr. Chairman.

The American veterans of World War II, Korea and Vietnam appreciate the opportunity to appear before the subcommittee on this matter.

The consideration of H.R. 1400, introduced by the distinguished chairman of the full committee, involves a delicate balancing of philosophical and jurisdictional questions not necessarily germane to the substantive purpose of the legislation.

The principal problem for the several agencies of the Government and the veterans organizations concerns itself with whose budget will be tapped and whose administrative structure will be employed in implementing a peacetime educational assistance program for veterans. Motivational questions regarding the designed purpose of such a program seem to blot out the objective evaluation of the merits of providing noncontributory educational assistance to peacetime veterans.

AMVETS, which was born with the original GI bill, believes that the traditional hard distinctions between wartime and peacetime veterans, which has formed the matrix for much of our veterans' legislation, is becoming increasingly irrelevant in this age of constant, increasingly dangerous and expensive struggle with the forces of totalitarian communism throughout the world. The old, mutually exclusive concepts of peace and war are largely obliterated by the quiet struggle in which we are engaged on all fronts, including at home, with the most powerful and militarily ruthless force in world history. We may not be at war, Mr. Chairman, in the traditional sense, but we certainly are not languishing in a comfortable world at peace.

The sacrifices which military service exacts, especially in terms of years away from that period of life usually devoted to education are just as real for the peacetime veteran as for his wartime comrade. The crucial need for armed forces of the highest caliber is greater now than at any time in our history, including periods of hostilities. AMVETS believes that it is high time that the dignity of military service during this age of peril be recognized at least to the same degree that wartime service has been recognized in the past.

H.R. 1400 and similar legislative proposals will serve the purpose of encouraging recruiting for the Armed Services. They will, of course, also provide GI bill benefits for peacetime veterans proportionate to their active service and as such are legitimate veterans' programs. AMVETS is in favor of the enactment of H.R. 1400.

We believe that the allocation of cost as between the Department of Defense and the Veterans' Administration is a secondary consideration in the evaluation of this legislation. AMVETS has always taken the position that the cost of veterans' entitlement programs is a continuing cost of national defense, at the same priority as the maintenance of active forces. We cannot take this position and at the same time fiscally divorce ourselves from programs which also have a direct impact on the maintenance of the active military forces.

So long as the necessary funds are appropriated to carry out the program, including administrative costs as contemplated by the proposed section 1445 of the bill, AMVETS, unlike some of our sister veterans' organizations, is not unduly concerned about the bookkeeping or jurisdictional considerations. Under no circumstances, however, should this program be underfunded or forced into the existing budgetary levels of either DOD or VA.

Regarding the current Vietnam GI bill, AMVETS is in favor of the removal of both the December 31, 1989, termination date and the 10-year delimitation period.

We also favor, as our National Commander Martin pointed out to the full committee on March 17 of this year, at least a 15-percent increase in the monthly allowances now given GI bill recipients.

Although we are not overly impressed with the success of the program to date, to say the least, we also favor the proposal of the distinguished chairman of the Senate Veterans' Affairs Committee for a $1 increase in the Government contribution to VEAP accounts.

This concludes my testimony. I will answer any questions you have.

[The statement of Colonel Passamaneck appears on p. 75.]

Mr. Leath. Thank you, gentlemen.

Mr. Solomon. Col. Passamaneck, it was a pleasure to hear you mention the threat of international communism. We don't always hear that around here any more, for some reason.

I don't remember whose testimony it was, the written testimony, I think maybe it was the VFW's, but what was the objection to the present VEAP program? I have been trying to find out all day if anyone has any idea why we have so many people who have chosen to drop out of that program.

Was that your testimony, Mr. Magill?

Mr. Magill. We stated that we felt it was basically a recruitment tool. Once a person enters the service and accumulates funds to go to school, there is more of a desire to get out and take advantage of it. That was our basic complaint.

We think that the problem is recruitment and retention and, as I stated before, VEAP just addresses the recruitment aspect.

Mr. Solomon. Again, I can't remember whose testimony it was, but there was opposition to the transferability provisions of the proposed two bills before us, at least 1944 and 1400, which would have allowed service people of long periods of service with critical skills to transfer their benefits to their dependents.

Was there some criticism on that?

Mr. Magill. That was us, too, sir.

Mr. Solomon. I am not picking on the VFW. I am just trying to find out for my own benefit.

Mr. **Magill**. We believe, as was brought out in testimony this morning, there is going to be a problem in recruiting young men and women in future years. By allowing a veteran to transfer his entitlement to a dependent that that would reduce the pool of eligibles who would want to enlist in possibly for a particular benefit. This is why we object to the transfer clause.

Mr. **Solomon**. I have no further questions. I just want to thank all of you gentlemen for your testimony.

Mr. **Leath**. Thank you, gentlemen. We appreciate it very much and, as you know, we will work very closely with all of you as we proceed down this road.

Thank you very much.

Mr. **Magill**. Thank you, Mr. Chairman.

Mr. **Leath**. Our final panel will be Richard Johnson, national legislative director of the Noncommissioned Officers Association; Mr. Max J. Beilke, legislative counsel for the National Association for Uniformed Services; Col. Erik Johnson, director of legislative affairs, AUSA; Robert Nolan, national executive secretary of the Fleet Reserve Association; and Maj. Gen. Francis Greenlief, executive vice president of the National Guard Association.

Gentlemen, if you will summarize your testimony, anything you submit for the record will be included, without objection. I guess we will start with you, Mr. Johnson.

STATEMENT OF RICHARD W. JOHNSON, JR., NATIONAL LEGISLATIVE DIRECTOR, THE NONCOMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. **Johnson**. Thank you, Mr. Chairman.

First, this morning the NCOA would like to applaud this committee and its staff for the dedication shown on this issue, your perseverance over the last 2 years in moving toward the creation of a new GI bill. I think that day grows closer and closer.

As we have said in our prepared statement, we believe that recruiting and retention in the Armed Forces in the future will become more difficult and that consideration supports the creation of a GI bill. But we have also said in our prepared statement that we believe the creation of a GI bill is something that should not be done specifically for the purpose of recruiting and retaining people in the Armed Forces, but also for the good that it has on the Nation's economy and for its positive effect on veterans.

The money we talk about spending in veterans' education benefits is not money that we throw away; it is money that goes back into the communities, in the school systems of this country. It is money that is recovered time and time again by the Treasury in increased taxes based on increased earnings of GI bill participants.

If we are looking for places to find this money, this country right now gives out more than $4 billion a year in education benefits, and 90 percent of all the Federal education benefits that go into colleges and universities of this country go to people who may have no obligation, accept no obligation to serve their country in any way, be it in the Armed Forces or in some other technical area. A small portion of that $4 billion would pay for the creation of a new GI bill.

In conclusion, I ask that my prepared statement be entered in the record and I draw to your attention, Mr. Solomon, that we, too, commented quite harshly on the VEAP program and also on the transferability aspects.

Mr. Leath. Thank you. Your statement will be included, as will everybody's.

[Mr. Johnson's statement appears at p. 75.]

Mr. Leath. Mr. Beilke.

STATEMENT OF MAX J. BEILKE, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. Beilke. Good morning, Mr. Chairman.

NAUS considers it an honor and we appreciate the opportunity to present testimony this morning. You have my written statement which has been submitted for the record, and in the interest of time and not to be redundant, I have but a few verbal comments.

A new GI bill should not be considered as an expenditure of funds; rather, it should be considered as an investment of funds. This is something which I urge this committee to take seriously. An investment in the youth of America is one of the best, for it returns the highest dividends.

Recently one of the distinguished leaders in this very House recommended additional funds for the Department of Education to enable the Government to increase educational assistance programs. If this body is truly committed to educational assistance programs for our youth, then a new GI bill provides the perfect vehicle.

We need to look at the dividends from the investments under a new GI bill.

First, as a long-range return, our youth, through education, become more productive citizens and return intangible benefits to our society. We all know the value of education because we are products of it.

Second, an immediate return on this investment is that we receive a highly qualified and motivated individual as a member of the armed services. If our armed services are competing with industry and academia for college-quality type individuals, why not offer them a means to obtain what this type of individual seeks—an education. The armed services would only be offering what others offer; that is, monetary assistance. Colleges and industry do it through scholarships, grants, work assistance programs and low-cost loans, and so forth. Therefore, what is so different if the military does it through a GI bill?

Third, and another immediate return on the investment, is the 2 or more years of military service. If we expect our Nation's youth to invest 2 or more years of their lives in the future of our Nation, surely they can expect our Nation to invest in their future.

Finally, a look at the monetary side of this investment. The Census Bureau has estimated that today's 18-year-old male who eventually receives a college degree will earn $329,000 more during his lifetime than his friend with a high school diploma. The income tax paid on this extra income, at almost any tax rate you apply, will exceed the investment required by the proposals before you today.

In closing, I urge this committee to look at a new GI bill as an investment in our youth and in the future of the Nation. I doubt this committee, this Congress, or this administration can find a better investment. If we do not want to invest in our youth or our Nation, what else is worth investing in?

Mr. Chairman, that concludes my remarks and I am prepared to answer questions. Thank you.

[Mr. Beilke's statement appears at p. 78.]

Mr. Leath. Thank you very much.

Colonel Johnson.

STATEMENT OF COL. ERIK G. JOHNSON, DIRECTOR OF LEGISLATIVE AFFAIRS, ASSOCIATION OF THE U.S. ARMY

Colonel Johnson. Yes, sir.

The Association of the U.S. Army appreciates this opportunity to speak to the educational assistance and its effect on recruiting and retention.

It is certainly widely known that the Armed Forces recruiting recently has been very successful, and while we cannot ignore the resources and encouragement provided by the Congress to assist especially the Army to achieve this excellent recruiting year, neither can we overlook the serious recession and the concurrent high unemployment, especially among the youth.

If one accepts the probable influence of the economy on a decision to join the military, then adds the fact that the pool of military age youth is decreasing, it is clear that we need to do something other than the lure of adventure or job security and patriotism to meet the future needs for quality manpower.

Lest we forget, it was just 3½ years ago that there were some conditions in our Army that were unsatisfactory. Let me give you some examples.

In 1979 the Army was short over 30,000 soldiers, and of that total 16,000 of them were noncommissioned officers. Only 64 percent of the new recruits that year were high school graduates.

The Army National Guard was over 57,000 short in authorized pay drill.

The Army Reserve was 70,000 short.

The unemployment figure at that time: Not 10 percent, but under 6 percent.

If we fail to look to the future and foresee what seems to us to be clearly evident from recent past experience, we could again see our Army return to the state that led our current chief of staff to call it a hollow Army. We need to put into place now manpower programs designed to assure the armed services, and especially the Army, a reasonable basis upon which to continue to compete in the marketplace for high-quality, educated and trainable youths.

An educational assistance program is a proven, highly effective recruiting incentive. Not only is it a strong magnet among bright, motivated youngsters; it is also attractive to their parents.

In our view, for recruiting purposes, the provisions in both H.R. 1400 and H.R. 1944 would improve recruiting, and the same goes for retention. It is important to realize that in retention there is a need for a substantially increased monthly allowance, transferability, and allow 10 years after that final service separation to complete using the entitlement.

We believe that a new educational incentives program is necessary to meet the challenges of recruitment and retention of military personnel in both our Active and Reserve forces if we are to adequately man the Army throughout the 1980's and beyond. Bills such as those, H.R. 1400 and H.R. 1944, should do just that and this association supports them.

Thank you.

[Colonel Johnson's statement appears at p. 87.]

Mr. LEATH. Thank you, Colonel. Mr. Nolan.

STATEMENT OF ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. NOLAN. Mr. Chairman, it is my pleasure to present the views of our 158,573 shipmates of the Fleet Reserve Association who are active duty and retired enlisted personnel of the Navy, Marine Corps, and Coast Guard.

I testified previously before this committee in the past 2 years on a successful GI bill forum we held in San Diego in February 1981. It was much the same as the recent meeting that you gentlemen had in Biloxi, Miss. I can say with pride that we found exactly the same reaction in San Diego in 1981 as you gentlemen found a couple of weeks ago in Biloxi, Miss.

I would like to call your attention to particularly the provisions of the Vietnam GI bill date of December 31, 1989. In 1975, I believe it was July 29, I appeared before this very committee petitioning that you protect the career serviceman's right in the termination of the cold war GI bill benefits. I stated at the time:

> Now that we are at peace, we can appreciate the need to terminate veterans' wartime benefits. However, care must be exercised in establishing a new termination date for educational benefits so as not to discriminate against career members of the Armed Forces who are also veterans.

As you well know, the committee and the Congress did not agree with the FRA at that time and our fears have proven to be very prophetic.

Currently, there are 197,000 Navy personnel serving on active duty who have earned their GI bill benefits through Vietnam service. Of these, 120,000 are in the critical retention window of 6 to 14 years of service. These personnel must make a choice between their earned GI bill benefits and a military career prior to December 1985.

In testimony before the Senate Veterans' Committee last month, Mr. Robert Hale of the Congressional Budget Office testified, CBO analyzed this proposal last year and concluded that, while many members are indeed eligible to use their benefits, few can be expected to separate prematurely in order to use rather than lose them. He estimated that only 1,300 of the eligible 220,000 members would be lost to the services prematurely.

First, we would question CBO's estimated number of Vietnam veterans, and that is because the Navy states it has 197,000 on active duty. Using the CBO's estimate of 220,000 for all of the services means there are only 23,000 such veterans in the other three services. Surely, this defies logic.

Second, we question CBO's estimate of only 1,300 of 220,000 eligible veterans who would leave their military careers prematurely. When one considers the personnel turbulence caused by military pay freezes and threats to the military retirement system, one can easily imagine that more than 1,300 career-designated personnel may leave the Service to pursue a college education. We believe CBO's estimates defy the accepted norm in measuring any human behavior.

In conclusion, we find the provisions of H.R. 1400 and H.R. 1944 most commonly parallel the provisions which the active duty personnel told us they would like to have in a GI bill. Because of the noncontributory and transferability provisions of H.R. 1944, it has a preferential edge. The provisions of H.R. 1400 are equitable, and in today's world may have the best chance of passage.

The FRA has always endeavored to be pragmatic; therefore, the passage of either measure would be greeted enthusiastically by our shipmates.

Mr. Chairman, I compliment the committee on the fine work they have done the past 2 years on this issue, and I stand ready to answer your questions. Thank you.

[Mr. Nolan's statement appears on p. 88.]

Mr. LEATH. Thank you, Mr. Nolan. General Greenlief?

STATEMENT OF MAJ. GEN. FRANCIS S. GREENLIEF, EXECUTIVE VICE PRESIDENT, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

General GREENLIEF. Mr. Chairman, I appreciate this opportunity to present the highlights of the views of the National Guard on the importance of legislation to provide veterans educational assistance as an incentive for men and women to perform military service.

GI bill legislation today is intended to assist the military services in attaining and maintaining necessary manning levels without having to resort to a military draft.

While we strongly support educational assistance as an incentive for service in the active duty forces, we insist that any GI bill which fails to provide meaningful educational assistance benefits for service in the National Guard and the Reserves fails to solve the most serious problem.

Currently, the active Army is about 70,000 soldiers short of its wartime requirement. The Army National Guard and the Army Reserve, although currently slightly above their authorized strength levels, are more than 85,000 short of their wartime requirement. According to the best estimates of the U.S. Army, there is a requirement for more than 450,000 trained soldiers in the Individual Ready Reserve. If 160,000 of the 227,000 soldiers currently assigned to the IRR can be made available on D-Day, then the IRR shortage is about 300,000 trained soldiers.

Just adding the numbers which I have stated demonstrates that the wartime Army will be short 450,000 trained soldiers during the period of D-Day, the start of hostilities, to D-Day plus 6 months.

If the United States is at some future date engaged in an all-out war in Europe at a time when the U.S. Army is short 450,000 trained soldiers, we may well lose the war.

Two years ago the House Committee on Veterans' Affairs favorably reported H.R. 1400, the Veterans' Educational Assistance Act of 1981, and last year, during the second session of the 97th Congress, the House Committee on Armed Services favorably reported H.R. 1400 after having amended it by adding the provisions of H.R. 3997.

Although most of the GI bills which have been introduced offer some of the benefits which H.R. 1400 offers, I am not aware of any other bill which provides all of the incentives authorized by H.R. 1400.

Some persons have criticized the Veterans' Educational Assistance Act because they believe that active duty personnel would leave the service prematurely so as to take advantage of the educational opportunity. Those who criticize the proposal, including Dr. Korb, who criticized it on that basis, fail to recognize that those who left active duty after 3 or 4 years of service would have a remaining military service obligation which would place them in the IRR. Rather than being a loss to the service, these personnel would become part of the solution to the Army's IRR problem.

An alternate solution to the military manpower shortage, which will occur between M-Day and M-Day plus 6 months, is the enactment of H.R. 1500. H.R. 1500 would authorize the Selective Service System to examine and classify the young men which it currently registers, and would provide authority to draft up to 200,000 men per year for service in the IRR.

Since enactment of H.R. 1500 is apparently politically impossible at this time, the National Guard Association of the United States strongly urges enactment of H.R. 1400, the Veterans' Educational Assistance Act.

I thank you, Mr. Chairman.

[General Greenlief's statement appears on p. 93.]

Mr. LEATH. Thank you, General Greenlief.

Mr. Solomon, do you have any questions?

Mr. SOLOMON. Mr. Chairman, I have run out of questions, but I just want to commend all of you gentlemen and your organizations for the fine job that you do in helping us to do our job, and particularly for your testimony here this morning.

General GREENLIEF. Thank you, sir.

Mr. LEATH. I want to echo that. I think there is probably not a better group, a collective group, that gives a more valid opinion judgment on what we are talking about than your panel. To me, that means a great deal, because you have been there. You understand. You represent organizations that have represented primarily career soldiers, sailors, marines, and airmen, and we appreciate that very much, gentlemen.

I think that your unanimous endorsement of a program such as the one we are talking about will go a long way. Thank you very much.

Without objection, I request that the statements of Mr. Marvin Busbee, legislative director of the National Association of State Approving Agencies, and Mr. Donald L. Harlow, executive director, Air Force Sergeants Association, be made a part of the hearing record, and that the record remain open for 3 additional days to receive further statements from witnesses who could not appear today.

[Mr. Busbee's statement appears on p. 101.]

[Mr. Harlow's statement appears on p. 104.]

Mr. Leath. A representative of the U.S. Coast Guard was invited to appear today to present the views of the Coast Guard on this legislation or submit a statement for the hearing record.

The subcommittee is adjourned.

[Whereupon, at 12:35 p.m. the subcommittee adjourned, to reconvene at the call of the Chair.]

APPENDIX

STATEMENT OF HON. G. V. (SONNY) MONTGOMERY, CHAIRMAN, HOUSE VETERANS' AFFAIRS COMMITTEE

Mr. Chairman, on February 10, I introduced H.R. 1400, to establish a new educational assistance program for veterans and members of the Armed Forces.

You will recall that at the beginning of the 97th Congress, I introduced H.R. 1400, to establish a peacetime GI bill for persons who enter on active duty in the Armed Forces, as a measure to enhance the recriutment and retention of quality military personnel. Subsequently, the Committee on Veterans Affairs reported H.R. 1400 on May 19, 1981. Since my bill was jointly referred to the Committee on Armed Services, further hearings were held by its Subcommittee on Military Personnel and Compension, following which H.R. 1400 was reported with amendments on May 17, 1982.

The bill I have introduced in this Congress is identical to the legislation reported by the Armed Services Committee, with one exception. I have eliminated the cash-out provision which authorized the exchange of educational benefits for cash benefits.

In addition to pay, bonuses and other benefits we have made available for the military, it is my strong view that an educational assistance program is also needed to attract quality people and retain key personnel.

This year more high school graduates are entering the Armed Forces than ever before. This is excellent. But how long will this last? We must not forget the problems caused by the shortage of key mid-level noncommissioned and commissioned officers which confronted the military before the economic downturn of 1980. We do not want this to happen again.

Everyone seems to agree that the recent spiraling unemployment rates and the decline in the economy have significantly enhanced the ability of the Armed Forces to attract and retain greater numbers of quality service persons. But the economic conditions, however, are only temporary. Once the unemployment rates decline to pre-1980 levels, I feel we will be seeing recruiting statistics similar to those of 1979 and before. What I am saying is that one or two years of good recruiting statistics have not solved the manpower problems we experienced during the last decade.

Perhaps the most startling statistic, which is not disputed, is that the declining birth rate that began in the 1960's will impact adversely on the Armed Forces during the late 1980's. The number of males reaching age 18 each year will decline from approximately 2.1 million in 1979, to 1.7 million in 1987, a 20-percent drop. The Armed Forces will then have to recruit a larger proportion of the available manpower. The competition for quality manpower by the end of this decade will be intense. This is a good reason why the Armed Forces must have in place a program which will provide the military an educational benefit program to attract quality people.

During the 97th Congress, both this committee and the Committee on Armed Services held 19 hearings on H.R. 1400. We received excellent testimony from a broad range of witnesses. Except for the civilian heads of the Department of Defense, there was almost total agreement in support of my bill. We also held two field hearings at which testimony was received from active duty Army, Navy, Air Force and Marine personnel.

During the Easter recess, our committee held oversight hearings in Mississippi. On March 30, 1983, I had the privilege of being accompanied by several of my distinguished colleagues at a field hearing in Biloxi, Mississippi. I would like to take this opportunity to publicly thank these gentlemen, Mr. Edgar, Mr. Evans, Mr. Hillis and Mr. McEwen, who so generously gave a portion of their time during the Easter District work period to attend this field hearing.

The hearing was conducted, in part, to receive testimony concerning the need for providing veterans' educational benefits in order to enhance recruitment and retention. Witnesses included four members of the Air Force who were stationed at Keesler Field near Biloxi. These people were encouraged to give their candid views concerning their own military careers, especially with respect to what measures might make their careers more inviting.

I was very impressed with the intelligent and straight-forward testimony given by these witnesses. The one message that came through loud and clear was the importance of providing a peacetime GI bill to the members of our armed services. In response to one of our questions, a young enlisted woman specifically stated that she would continue her military career if GI educational benefits, similar to those in the Vietnam era bill, were made available to her.

Although other incentives were discussed, the testimony of these people made it evident to us that the number one priority with respect to recruiting and retaining quality personnel is a peacetime GI bill. When I asked whether they thought a GI bill was a better incentive than the other inducements discussed, each witness responded with a loud and unhesitating "yes, sir".

Mr. Chairman, I believe those fine air force people represented a typical cross section of the members of our armed services. It was obvious that they are dedicated to their military careers and eager to improve themselves both professionally and academically. We must not deprive them and others like them of the opportunity to do so. We must listen to the message they presented to us and pass a peacetime GI bill as soon as possible.

Mr. Chairman, I am pleased and encouraged that the testimony that we will receive this morning is again supportive of H.R. 1400, and will show a need of a GI bill for the Armed Forces. I urge this subcommittee to favorably consider this legislation.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, thank you for giving me the opportunity to present this testimony. I am grateful that your distinguished subcommittee has been holding these hearings. I favor legislation to establish a New G.I. Bill, and also encourage this committee to incorporate in it the provisions of H.R. 1937, which provides for a Skilled Enlisted Reserve Training program.

I have introduced my own G.I. Education bill, H.R. 64. I am convinced that enactment of a new G.I. Bill is one of the most important, and least expensive, steps that Congress can take to strengthen our national defense.

Thanks to the recession and the recent pay raises, the Armed Forces have not experienced these last two years the recruiting shortfalls that plagued them in the two previous years. However, if we are to obtain and retain the quantity and quality of enlistments that we require over the long run, additional legislation is needed.

Inadequate aptitude among entrants into the Armed Forces places a severe financial burden on our Services. Soldiers with a low aptitude generally take a longer time and require greater resources to train, and they retain their training for a shorter period of time. Non-high school graduates are twice as likely as high school graduates to be administratively discharged from the Armed Forces prior to the expiration of their obligation. Attrition rates in the Army are much too high. Each soldier who attrits costs the government about $10,000.

Many believe that the only way to substantially improve recruit aptitude is to return to the draft. That may be so. But the evidence suggests that the direct cause of the decline in recruit aptitude was not the termination of the draft, but the termination of eligibility for G.I. Bill education benefits.

The drawing power of the G.I. Bill was amply demonstrated in the three months prior to its termination. On October 20, 1976, the Armed Forces announced that the G.I. Bill would not apply to those enlisting after December 31. Nearly 100,000 people joined the uniformed services during that period—approximately double the normal first-term enlistment for the fourth quarter of the year.

It seems clear, Mr. Chairman, that the most effective step we can take to improve recruit quality is to re-instate the G.I. Bill education benefits. Indeed, this might be the most cost-effective step also.

One of the greatest advantages of the G.I. Bill as a partial solution to military manpower problems is that it will cost nothing for the first two fiscal years, very little in the third and fourth fiscal years, and would not reach its full costs until the sixth or seventh fiscal years after enactment. This would give us breathing room to put our financial house in order.

Meanwhile, the Armed Forces would be realizing substantial savings. The young men and women encouraged into the Armed Forces by a New G.I. Bill would be easier to train, would present fewer disciplinary problems, and would be far less likely to attrit prior to the completion of their obligated service.

It is important that a G.I. Bill also have in it the ability of the serviceman to transfer his right to his wife or children because otherwise retention may be discouraged even though original enlistment is encouraged. Retention is extremely important, as we all know, as it saves dollars spent in training.

H.R. 1937, which I mentioned, proposes to establish also a new Skilled Enlisted Reserve Training Program for the Armed Forces to provide high school graduates with technical training at community and junior colleges in skills needed by the Armed Forces in return for a commitment for enlisted service in the Armed Services. This program would draw upon the Nation's marvelous network of community and junior colleges to train the advanced technicians that our military services need to install, operate and maintain the increasingly sophisticated weapons systems on which we depend for national security.

Under these training provisions, program participants would have the choice of meeting their military commitment and pursuing their technical training through three years service on active duty, or six years service in the Ready Reserve. Upon successful completion of the academic portion of the training program, participants would be advanced to a non-commissioned officer grade between E-4 and E-8, as specified in their contract with a military service.

The numbers of young people available in this country for military duty are diminishing, and will continue to diminish for at least the remainder of this decade. The majority of those available during this period will be in need of special, basic educational instruction in communications, math and science skills. The military services currently offer this training to recruits, but at an excessive cost, since much of their enlistment period is spent in the classroom on full pay and benefits, instead of actively performing their technical specialty.

Because our economy is currently weak, the Armed Services are now experiencing no difficult in meeting overall recruiting goals. When the economy improves, even modestly as it is projected, the military services will have to compete with local business and industry for the most attractive individuals. Not only can we predict more difficulty in meeting recruiting goals, but we can expect already weak retention rates in many technical specialities to further worsen.

Currently, military training costs range from $50,000 for a low skilled person, to $150,000 for a technician. The program I propose in H.R. 1937 would cost—at the high extreme, using the most costly 2-year college program—an estimated $8,000 per participant. A leading authority on military training, Prof. Walter E. Muller of George Washington University, who has served for years as a consultant to both the Navy and the Army, has estimated that the savings in training costs alone under the program proposed in H.R. 1937 could reach $10 billion by 1987—not to mention the additional enormous savings that would be realized on the maintenance of the weapons systems through the more competent personnel the program would generate.

For these reasons and many others stated in the text of H.R. 1937, I urge the Chairman to incorporate the provisions of H.R. 1937 virtually intact into H.R. 1400. I want to thank you again for giving me the opportunity to present this testimony.

STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, RESERVE AFFAIRS AND LOGISTICS)

Mr. Chairman and members of the committee, thank you for the opportunity to appear before this committee once again to discuss educational benefits for military personnel.

Since 1977, the Department of Defense has provided educational benefits to its members through the Veterans' Educational Assistance Program, VEAP. VEAP replaced the GI Bill as the primary program of post-service educational benefits for personnel in volunteer service.

Historically, the rationale for the GI Bill was to compensate those whose lives were interrupted through involuntary military service, and who were poorly compensated for that service. With the end of the draft in 1973 and substantial pay raises for the force, this rationale no longer existed, and the GI Bill program was terminated in 1976. Further, as we have fielded a higher technology force the need for large numbers of short term members, who are the most likely to be attracted by lucrative educational benefits, has declined compared to well trained career soldiers, sailors and airmen. From fiscal year 1971 to fiscal year 1982 the portion of the enlisted force with more than 4 years of service has increased from 33 percent to 46 percent; for the Army, the increase has been from 24 percent to 45 percent.

The Department does support the use of educational benefits, but only as part of a whole package of recruiting and retention tools. These benefits can be used best in combination with targeted enlistment and reenlistment bonuses and other benefits to meet our manpower requirements. Currently, all Services are enjoying success in both recruiting and retention. What we are doing now is working; it should be allowed to continue. We do not intend, however, to become complacent. We are closely monitoring enlistment and reenlistment results on a monthly basis to ascertain any significant negative changes so that we can act quickly to remedy problems that may arise.

While the Administration supports a program of educational benefits, it does not support any major changes to the existing program at this time. Our data indicate that the cumulative participation rate for all enlisted personnel eligible for VEAP, through fiscal year 1981, was at least 25 percent. Moreover, the participation rate has risen every year since the program has been in effect. The participation rates of high school graduates and those who have had some college are higher than for non-high school graduates. While we do not believe that the basic VEAP benefits have had a large effect on recruiting, we do believe that it has given those who desire additional education a valuable opportunity.

The Army is the only Service currently offering selected categories of recruits supplementary education benefits in addition to basic VEAP. Fiscal year 1982 recruiting results suggest that VEAP "kickers", offered in the form of the "Army College Fund" to higher quality recruits who agree to enlist into selected hard-to-man skills, have significantly increased the supply of these recruits in the skills where they have been offered. This has been done without hurting the other Services' ability to meet their recruiting goals. Overall, then, we are satisfied with our current educational benefit program, at this time.

Earlier this year, Secretary of Defense Weinberger, in response to a question from the distinguished Chairman of the House Veterans' Affairs Committee, answered that he supports educational benefits. I quote: "There is no question that it (educational benefits) is an excellent idea. . . . But the simple fact of the matter is we cannot do all the things that are desirable or useful or helpful. . . . At some point we run out of resources to do all the things we would like to do."

We plan to keep the Congress advised if changes in the present recruiting and retention climate make it necessary to reexamine our recruiting and retention tools, including educational benefits.

Now, I would like to comment briefly on the specific legislation before the Committee.

H.R. 1400

The current H.R. 1400 is somewhat less expensive than previous versions of this bill, primarily because some benefits which were once offered across-the-board are now offered only to selected skills on a discretionary basis. H.R. 1400's basic benefit of $7,200 is likely to have a somewhat greater effect on recruiting than the basic benefits of the Veterans' Educational Assistance Program, but this difference is not likely to be very large. Similarly, the supplementary benefit of an additional $3,600 for those who complete five years of service benefit in addition to the three years of service necessary to qualify for the basic benefit would provide only a modest retention incentive. We estimate that the annual cost of the bill will be about $550 million, by 1994, but this cost would vary greatly depending on the extent to which the targeted portions of the bill are employed.

H.R. 1944

H.R. 1944 provides a basic benefit of $10,800 and a supplementary benefit of another $10,800, for a total benefit of $21,600. This lucrative benefit is offered after only six years of service. The high level of the across-the-board benefits, coupled with the transferability provision, make this bill expensive, with an annual cost that may easily exceed $1 billion by 1995.

H.R. 64

H.R. 64 offers a maximum basic benefit of $21,000, $12,000 of which is in the form of tuition reimbursement. In addition, a supplementary or career benefit consisting of a government contribution of up to $24,000, matched by a member contribution of $12,000, is also provided. Hence, over a career a member may accumulate educational benefits worth $57,000, including his own $12,000 contribution. This bill is also likely to be costly.

Thank you again for this opportunity to appear before you. I appreciate the concern which the members and staff of this Committee have shown for the morale and welfare of our men and women in uniform. I hope to be able to continue working with the Committee on this and other matters that affect the welfare of our military personnel.

STATEMENT OF DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION

Mr. Chairman and members of the subcommittee, it is with pleasure that I appear before you today to provide you with the views of the Veterans Administration on various measures pending before your Committee which would establish a new peacetime education program and to discuss the current operations, as well as potential modifications, of the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP).

Turning first to H.R. 613 and H.R. 1400, these are identical measures proposing to establish a new peacetime GI Bill education program. These bills are, with one exception, also identical with H.R. 1400, 97th Congress, as reported to the House on May 17, 1982, by the House Committee on Armed Services. This exception, contained in the earlier measure, but not this year's versions, is known as the "cash out" provision. It would permit a serviceperson, upon reenlistment at the end of a period establishing entitlement to educational assistance, to receive a lump sum payment up to 25 percent of the value of the educational entitlement accumulated at that time.

Three primary benefits programs would be provided under H.R. 613 and H.R. 1400. First, individuals who, after September 30, 1983, serve on active duty for a period of 3 years, or who serve on active duty for a period of 2 years plus 4 years in the Selected Reserve, would be eligible for basic educational benefits. An eligible participant would be entitled to 1 month of educational assistance benefits for each month of active duty served, and 1 month of educational assistance benefits for each 4 months served in the Selected Reserve.

Benefits would be paid to the individual at the rate of $200 per month for full-time pursuit of a program of education. Benefits could be paid at a reduced level for less than full-time pursuit and, in addition, some individuals could be paid up to $400 per month under certain conditions.

Second, individuals who, after September 30, 1983, serve for 5 or more additional consecutive years on active duty or who serve 4 years on active duty plus 8 consecutive years in the Selected Reserve, may be entitled to supplemental educational assistance benefits at the rate of $100 per month in addition to the $200 monthly payment granted under the basic program. The Secretary of Defense could increase the individual's supplemental benefits up to $300 per month for individuals serving in critical skills identified by the Secretary.

Third, if the servicemember has served 10 or more continuous years on active duty, the Secretary may permit certain individuals with critical skills to transfer their accrued educational entitlement to a dependent. Transfers would be subject to certain conditions and limitations.

Graduates of the military academies or individuals who have received a Reserve Officers' Training Corps (ROTC) scholarship would not be eligible for educational assistance.

Individuals would, generally, have ten years from their last discharge or release from service within which to utilize their benefits although, in some cases, entitlement may be used while the individual is still in the Armed Forces.

These programs would be administered by the Veterans' Administration. The cost of the basic entitlements would be paid from Veterans Administration appropriations while all other costs would be funded from Department of Defense appropriations, or the Department of Transportation in the case of Coast Guard participants.

In addition to the three primary programs I have mentioned, these measures incorporate a number of other provisions including (1) a revised educational assistance program for members of the Selected Reserve, (2) an educational leave of absence program for members of the Armed Forces, (3) a requirement that the Department of Defense accure the funds needed to finance these education programs, (4) a requirement for the establishment of a Department of Defense Education Benefits Fund into which the funds would be accumulated, and (5) a provision to terminate the VEAP program upon commencement of the new education program.

A third measure pending before you, H.R. 1944, would provide a somewhat more liberal program of benefits. The basic monthly amount payable under this bill would be set at $300 per month (compared to $200 per month under the first two bills) plus an additional amount set by the Secretary of Defense for those individuals determined to be in critical skill shortage areas. In the case of supplemental benefits, H.R. 1944 would provide a monthly benefit of $300 per month (compared to $100 per month under H.R. 613 and H.R. 1400) in addition to the basic benefits plus an additional amount set by the Secretary where the individual is in a critical skill shortage category.

All three measures would require the same amount of active duty or active duty plus Reserve duty for the basic entitlement. However, where H.R. 613 and H.R. 1400 would require a total of 8 years of active duty to qualify for the supplemental benefit, H.R. 1944 would require only a total of 6 years of such duty. The Reserve duty requirements would be the same in all three measures.

In allowing an individual who has served 10 or more continuous years on active duty to transfer entitlement to dependents, H.R. 1944, unlike the other two measures, does not tie this benefit to those in critical skill areas. Further, this bill does not (1) bar benefits to officers who graduate from the service academies or through the ROTC scholarship program, (2) provide for a revised program for reservists, (3) require accural of benefits funds, or (4) establish the new Education Fund. All three meausres would terminate the VEAP program upon establishment of the new program and all three provide for educational leaves of absence for service personnel.

The fourth bill pending before you is H.R. 64. This measure differs from the other three in many respects. This proposal would establish a new program of education for those individuals entering the Armed Force after December 31, 1982, and who serve for a period of 2 years or more after the date. Individuals would earn entitlement to educational benefits at the rate of 27 months for the first 24 months of service and 1 additional month for each month after the initial 24. A maximum of 36 months of benefits could be granted and no entitlement would be allowed for any period for which the individual receives an initial enlistment bonus except (1) where the enlistment is for 4 years or more, or (2) where the individual reenlists for at least 2 years and does not receive a bonus, or (3) under certain other limited conditions.

Those eligible under this program would be paid an amount up to 80 percent of the cost of their tuition and fees, or $3,000 a year, whichever is lesser. Where the individual has been released or discharged from the service, he or she could also be paid a subsistence allowance of $250 per month based upon full-time pursuit of a program of education. Lesser benefits would be paid where the pursuit is on less than a full-time basis.

Eligible individuals would be entitled to education loans on the same basis as veterans eligible under the GI Bill or dependents eligible under the education program authorized by chapter 35 of title 38. They would, in general, be allowed 10 years following discharge or release within which to utilize their entitlement. Reservists would be eligible to participate in the program where they agree to serve for 6 years in the Reserves and would earn entitlement at the rate of 1 month for each 4 months of such duty. The VA would administer the program, but the Department of Defense would bear the cost.

H.R. 64 would also establish a new contributory education program for those individuals who have served for a least 6 years on active duty. Individuals would be permitted to make contributions to a special fund at the rate of $25 to $100 per month in amounts divisible by 25. A maximum on contributions would be set at $12,000. Eligible individuals would be allowed to utilize entitlement after having contributed to the program for at least 24 months. The Department of Defense would match the contributions on a $2 for $1 basis.

An eligible individual would be permitted to transfer his or her entitlement to a spouse or children and the dependent could utilize benefits on the same terms as the participant. If an eligibile individual dies, any unused contributions would be paid to the surviving spouse or children, or to the individual's estate, in the event there is no surviving spouse or children.

Individuals could be paid a maximum monthly benefit of $500 per month based upon full-time pursuit of a program of education. They would also be eligible for education loans and would have up to 10 years following discharge or release within which to utilize their benefits. This program, like the noncontributory program, would be administered by the VA and paid for from Department of Defense funds. If an individual is eligible under this new program and is also eligible under the VEAP program currently authorized under chapter 32 of title 38, eligibility under the latter program would be terminated.

Finally, H.R. 64 also provides an educational leave program for those individuals in the Armed Forces.

Mr. Chairman, in testimony before the Senate Committee on Veteran's Affairs on March 16th, Dr. Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, stated that all military services are presently enjoying success in both recruitment and retention. He recommended, therefore, that any new education benefits legislation, as well as the specifics for any new education program, should be delayed until circumstances require such changes. He also stated that the present program is working and it should be allowed to continue. This same position was supported by Defense Secretary Caspar Weinberger in his recent appearance before the House Armed Services Committee.

The Veterans Administration also favors this position. We do not believe that the present is the time for the enactment of any new GI Bill program. We also believe that any new program would have to be tailored to the needs of the Armed Forces at the time it is enacted. Thus, it would be inappropriate to add a new program to the statute books at this time.

You have asked us to commetn on the current status of the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) and to make recommendations concerning this program. As you are aware, while the Veterans Administration administers this program, all of the costs are borne by the Department of Defense.

Before commenting on any specifics of this program, I believe it would be helpful to provide you with the most recent statistics on participation in this program.

Through February of this year, a cumulative total of 561,189 individuals have elected to participate in the program and have deductions made from their military pay. Of this total, 220,568 are currently having deductions made; 108,241 have suspended their allotments, but are still eligible to participate; 232,380 individuals have, for various reasons, disenrolled and have received refunds of their contributions; and nearly 32,000 individuals have trained under the program.

There are two proposals which we would like to recommend for your consideration for improvement of the program. First, under current law an individual eligible under VEAP may not pursue on-job or apprenticeship training.

Under the GI Bill program, an eligible individual may pursue on-job or apprenticeship training, but only on a full-time basis. Since individuals in the military are required to devote their full time to their military occupations, they would not be in a position to take advantage of on-job or apprenticeship training. We believe that authority should be granted to VEAP participants to pursue these training programs provided such pursuit is limited to those individuals who have been discharged or released from the service. We believe this would be equitable and would afford such individuals the opportunity to pursue these important training programs.

Second, under current law, the Veterans Administration does not have the authority to permit acceleration of education benefits payments under the VEAP program. We are of the view that there are situations where acceleration of such payments would be desirable. Examples are cases where the individual may desire to pursue a short-term, high-cost course, such as a computer course, or where the individual may wish to pursue a graduate program. Acceleration of benefits in these cases would be permitted, but only if found to be in the interest of the Government and the individual.

We believe that adoption of these recommendations would enhance utilization of the program, and we would urge you to give serious consideration to including them in education legislation which may be approved by your Subcommittee.

There is one final area to which I would like to call your attention. We would urge your Subcommittee to give consideration to repealing the December 31, 1989, termination date for the current GI Bill program.

On numerous occasions in testimony before Congressional Committees, Dr. Korb has stated that the Department of Defense favors an extension of the current program. Such action, DOD believes, would have the beneficial effect of retaining in the service many of those individuals who have GI Bill eligibility and who would otherwise leave the Armed Services to take advantage of this benefit. This would result in retaining in the services many highly trained individuals, especially those in the middle grade area, who are essential to maintaining our military strength. We agree with the position of the Department of Defense and urge that this proposal be favorably acted upon by Congress provided a provision is included which would require DOD to bear the cost of any expenses incurred after the 1989 date.

Mr. Chairman, that completes my presentation. I will be pleased to respond to any questions which you or members of the Subcommittee may have.

STATEMENT OF STEPHEN L. EDMISTON, ASSOCIATE DEPUTY, NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. Chairman and members of the subcommittee, on behalf of the more than 757,000 members of the Disabled American Veterans, I wish to thank you and the members of the Subcommittee for providing us this opportunity to express our views on legislation presently pending before the Subcommittee that proposes to establish a new program of educational benefits for peacetime veterans.

As you know, Mr. Chairman, the DAV membership is composed of honorably discharged veterans who were wounded, injured or otherwise disabled in the wartime service of their country. Therefore, it follows that our organization is primarily concerned with veterans' educational benefits provided by the Vocational Rehabilitation Program under Chapter 31 and the Survivors and Dependents Educational Assistance Program provided under Chapter 35 of Title 38, U.S. Code.

Even though our organization was founded on the principle that, in terms of veterans' benefits and services, this nation's first obligation rests with the rehabilitation of its service-connected wartime disabled, the DAV is also concerned with those federal programs which have been designed to enhance the educational opportunities of veterans in general.

Additionally, because of the nature of the legislative proposal pending before the Committee today, I do wish to stress that the DAV endorses and supports a strong national defense to insure that the United States Armed Forces are second to none.

H.R. 1400

H.R. 1400 proposes to amend Title 38, U.S. Code by adding a new Chapter 30 to establish a new program of educational assistance for veterans and members of the Armed Forces.

The stated purpose of the proposed new program of educational assistance is ". . . (1) to provide a new educational assistance program to assist in the readjustment of members of the Armed Forces to civilian life after their separation from military service; (2) to promote and assist the All Volunteer Force program and the Total Force Concept of the Armed Forces by establishing a new program of educational assistance based upon service on active duty or a combination of service on active duty and in the Selected Reserve (including the National Guard) to aid in the recruitment and retention of highly qualified personnel for both the active and reserve component of the Armed Forces; and (3) to give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the Armed Forces."

As proposed, H.R. 1400 would provide an eligible serviceman with a maximum of 36 months of basic educational assistance, at the rate of $200 per month for full-time training, for the satisfactory completion of three years continuous active duty or two years continuous active service coupled with four years continuous duty in the Selected Reserve.

Additionally, an eligible serviceman who serves at least eight years of continuous active duty or at least four years active service together with eight years of continuous duty in the selected reserve could receive not only a maximum 36 months of basic educational assistance at the rate of $200 per month, but an additional supplemental educational assistance allowance of $100 per month, totaling $300 per month in educational assistance benefits.

Furthermore, if a serviceman has gained eligibility for either basic or supplemental educational assistance and the Secretary of Defense determines that the serviceman has a skill or specialty in which there is a critical shortage, the Secretary of Defense may provide additional educational assistance of up to $200 per month in either basic or supplemental educational assistance, or both. This is provide in addition to any basic or supplemental educational assistance to which the servicemember is entitled, for the purpose of attracting or retaining the individual in the active Armed Forces.

The proposed legislation also makes provisions to permit the Secretary of Defense to authorize a serviceman whose skill or specialty is considered to be in critical shortage and who has served more than ten years of continuous active duty to transfer all or part of his educational assistance entitlement to one or more of his dependents.

However, use or the educational assistance by the dependents to whom it was transferred may only be provided while the servicemember is on active duty or upon death, discharge for hardship or service-connected disability, or completion of 20 years of active military service.

The delimiting date for use of the basic and supplemental educational assistance proposed by Section 2 of H.R. 1400 is ten years following the date of the serviceman's last discharge or release from active duty, or the date of the accrual of such entitlement, whichever is later. For dependents who have educational assistance entitlement by transfer from the servicemember, the entitlement period ends ten years after the date they began using the educational assistance or ten years following the date upon which the servicemember's entitement period began, whichever occurs first.

Importantly, the bill provides as individual who is eligible for educational assistance under, for example Chapter 31, and who also has eligibility for educational assistance under the proposed Chapter 30, to select the program which is more advantageous.

As proposed, H.R. 1400 directs the Veterans Administration to administer the educational assistance programs established by the bill. The proposal further mandates that basic educational assistance benefits established by the bill must be paid from VA appropriatons and the educational assistance benefits payable under the other programs established by the bill would be made from Department of Defense appropriations.

Inasmuch as the proposal is designed to "promote and assist the All Volunteer Force program and the Total Force Concept," the bill requires the Secretary of Defense and the Administrator of Veterans Affairs to submit separate reports on the operation of the program to the Congress at least every two years.

Section 3 of the bill makes a number of amendments to coordinate the proposed new Chapter 30 with existing educational programs. The amendments made by Section 3 would also permit any individual participating in the Chapter 32 educational assistance program to disenroll (and have their contributions returned) when they became eligible for the proposed Chapter 30 program. Section 4 will terminate a serviceman's right to enroll, if not already enrolled, in the Chapter 32 Educational Assistance Program.

Section 5 of H.R. 1400 proposes to amend Chapter 106—Educational Assistance for Members of the Selected Reserve—of Title 10, U.S. Code to encourage membership in the Selected Reserve through the establishment of a program of educational assistance.

As proposed, an individual who agrees to serving six or more years in the Selected Reserve will gain eligibility—upon completion of an initial period of active duty for tranining and 180 days of service in the Selected Reserve—for a maximum of 36 months of educational assistance, at the rate of $140 per month for full-time training.

The delimiting date for use of the educational assistance proposed by this section of the bill is ten years following the (1) date on which the reservist becomes entitled to the benefits or (2) dated the individual is separated from the Selected Reserve, whichever occurs first.

The amendment proposed by this Section of H.R. 1400 would, if enacted, become effective on October 1, 1983 and require the VA to administer the program with the Department of Defense being responsible for the funding of the entitlements.

Section 6 of H.R. 1400 proposes to establish within the Treasury a fund (The Department of Defense Education Benefits Fund) and within the Department of Defense (The Education Benefits Board of Actuaries) in order to finance the Department of Defense education liabilities on an actuarially sound basis.

Section 7 of the bill would allow the military services to permit an educational leave of absence of up to a maximum of two years for eligible servicemembers. Each servicemember granted such educational leave would be required to extend his military service by two months for each month of educational leave used.

Provisions set forth in H.R. 1400 would become effective on October 1, 1983.

Mr. Chairman, the DAV does not view H.R. 1400 in the context of veterans' legislative proposals that are traditionally the purview of this Subcommittee. That is, this bill does not represent a proposal for a new or improved program of educational readjustment benefits designed to meet the needs of veterans who have set aside or temporarily postponed higher educational pursuits because of voluntary active duty wartime service or conscription into the Armed Services.

Without a doubt, the fundamental purpose of H.R. 1400 is not to assist veterans in their efforts to continue their pursuit of higher education which was inadvertently interrupted by service during World War II, Korea and Vietnam.

In our view, Mr. Chairman, the pending legislation is designed and intended as a recruitment and retention incentive for the All Volunteer Military Force. In this case, the DAV has no objections with such Congressional efforts to make service in the military forces more attractive. However, we do object, as proposed in H.R. 1400, to the Veterans' Administration's "picking up the tab" for even a portion of a DOD recruitment and retention program.

We have noted that the pending legislation has taken appropriate steps in an effort to insure the military services acquire higher quality personnel. Specifically, the bill requires that each serviceman must be a secondary school graduate or have a high school equivalency certificate in order to qualify for educational assistance under the proposed programs.

Additionally, we are most pleased to note that a servicemember who is discharged early (prior to completing 30 months service) by reason of a service-connected disability will retain eligibility to the VA's Chapter 31 Rehabilitation Program, even though entitlement may be established for benefits provided under the proposed educational assistance program.

As you know, Mr. Chairman, the Veterans Administration has been in the business of administering higher educational programs to this nation's veterans for more than 30 years. Without a doubt the VA has the expertise and the experience in administering such programs. Therefore, the DAV would not object to the VA administering such a program, so long as the Department of Defense is responsible for all the necessary funding for entitlements accrued therefrom.

In closing, Mr. Chairman, I wish to reiterate that the Disabled American Veterans does not object to innovative approaches to improving and strengthing the All Volunteer Force through educational assistance programs. Nor would we object to the VA administering such programs, so long as the Department of Defense maintained the responsibility for bearing the cost of entitlements for all the programs proposed by H.R. 1400.

That concludes my testimony, Mr. Chairman. I again wish to thank you and the members of the Subcommittee for providing the DAV the opportunity of appearing here today to express our views on this important subject.

STATEMENT OF JAMES N. MAGILL, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and members of the subcommittee, thank you for the opportunity to present the views of the Veterans of Foreign Wars of the United States with respect to H.R. 1400 and other proposals to establish a peacetime GI Bill. Also, we appreciate the opportunity to comment on the Veterans Education Assistance Program (VEAP).

Mr. Chairman, H.R. 1400, introduced by the Honorable G. V. Montgomery, Chairman of the House Veterans' Affairs Committee, would establish a new educational assistance program for active duty Armed Forces personnel. Briefly, H.R. 1400 provides a $200 per month basic benefit with a maximum of 36 months of entitlement for military personnel who serve for three years on active duty or for two years on active duty and four years in the Selected Reserve. This basic benefit could be increased up to an additional $400 per month by the Secretary of Defense for individuals in critical or difficult-to-recruit skills. In addition, the bill provides a supplemental benefit of $100 per month for certain service members; allows for the transfer of earned entitlement to a service member's dependents; provide, on a limited basis, entitlement for members of the Selected Reserve; and, would terminate VEAP.

Mr. Chairman, the VFW recognizes the undeniable need of the Armed Forces to attract and retain the necessary number of qualified, high-caliber personnel. The last time we testified on this issue before your Subcommittee, the uniformed services were having a difficult time meeting recruitment goals. At the present time, it is our understanding, this situation has somewhat improved with recruitment at or exceeding quota levels. However, we attribute this reversal to the state of the nation's economy and, in particular, the recent high levels of unemployment. With indications of an economic recovery on the horizon and the prospoect of the unemployment rate decreasing, we believe the Armed Forces may again experience difficulty in the future in meeting recruitment and retention quotas and not be able to attract qualified personnel. While we believe the offering of generous educational benefit incentives for recruitment purposes may be considered a viable means to increase enlistment and retention quotas, the VFW has historically supported the awarding of veterans' benefits predicated upon honorable service in the Armed Forces during periods of conscription, war or hostility. We believe this initiative should not be viewed as a veterans benefit but rather a recruitment and retention tool and therefore full funding should be provided by the Department of Defense.

Mr. Chairman, consideration must be given to the possibility of a return to conscription of personnel for the Armed Forces. By authorizing veterans' educational benefits to be passed on to dependents, in order to induce personnel to remain in our Armed Forces, a precedent may well be established for providing other benefits and entitlements. Also, the awarding of such benefits to dependents would be self-defeating inasmuch as those individuals would no longer have any reason to utilize incentives to enlist in the military.

The VFW is supportive of the concept of instituting an educational benefits program for the purpose of recruitment and retention of personnel for our Armed Forces. While all of the bills addressing this issue vary in their proposals, we believe each one has advantages and disadvantages. Whichever bill the Congress decides to advance, the VFW would prefer it embody a number of concepts. They are:

1. that the benefits ascribed to the plan be fully funded through the Department of Defense, with the administration of the program to be under the control of the VA;
2. those currently enrolled in VEAP and those service members who have eligibility under the Vietnam Era GI Bill be accorded the opportunity to participate in the new program;
3. the thrust of such legislation be aimed primarily toward the use of the benefits by the veteran himself;
4. the Reserves be afforded the opportunity, to some degree, to be eligible for benefits under such program; and,
5. the benefits be utilized solely for its original intent—education.

Appended to my statement for your review is a copy of Resolution No. 612 entitled "Oppose Funding of Peacetime 'GI Bill' through VA Appropriations" which was passed by the voting delegates to our most recent National Convention.

With respect to the VEAP program, we believe it addresses only half of the problem facing the Armed Forces. The Army has used VEAP successfully to recruit individuals in the critical skills area; however, VEAP is not an inducement for retention. The VFW recognizes retention as a major problem today inasmuch as recruitment quotas are being met. H.R. 1400, with its two-tier system, would be more effective in improvement the retention percentage and the provision addressing hard-to-recruit and critical skills areas would accomplish the same result as VEAP.

Mr. Chairman, this concludes my testimony. I will be happy to respond to questions you may have at this time.

RESOLUTION NO. 612—OPPOSE FUNDING OF PEACETIME "GI BILL" THROUGH VA APPROPRIATION

Whereas, legislation has been introduced and, if passed by Congress, could establish a peacetime "GI BILL" Educational Program; and

Whereas, if such legislation were enacted in its present form, the program would be funded under VA appropriation; and

Whereas, this is not considered a readjustment program for wartime veterans but solely a recruitment and retention incentive; it should be funded in whole by the Department of Defense and not through VA appropriation because this would without question drain off funds needed for programs aimed at service-connected disabled veterans; Now, therefore, be it.

Resolved by the 83rd National Convention of the Veterans of Foreign Wars of the United States, That we do not oppose this legislation for the purpose intended, but we do oppose the funding of this program under the VA appropriation, especially while Congress is considering cost-savings in veterans programs for the fiscal year 1983 in addition to cuts during the fiscal year 1982.

STATEMENT OF G. MICHAEL SCHLEE, DIRECTOR, NATIONAL SECURITY/FOREIGN RELATIONS COMMISSION AND PAUL S. EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION

Mr. Chairman and members of this subcommittee, the American Legion appreciates this opportunity to express its views on legislation to create either additional educational incentives or a Peace Time GI Bill for the purpose of promoting recruitment and retention within the armed forces. Two of the measures under consideration, H.R. 1944 and H.R. 1400, have merit and would likely accomplish their respectively stated purposes to a greater or lesser extent.

Necessarily, the Legion's views of each of these measures, must be tempered by the attached nationally adopted Legion resolutions. Unlike the Legion resolution of the past two years, the current mandate is limited to two basic requirements. First, recruitment/retention legislation must fund an incentive program for Active and Reserve forces. Second, the program must be funded by the Department of Defense (DoD), but administered by the Veterans Administration.

With this in mind, we offer commentary on each of the respective measures with the understanding that each of them essentially qualify for Legion support. H.R. 1400 and H.R. 1944, which if taken together with other legislation that would eliminate the Vietnam Era Education program termination date, could serve as a retention incentive even for Vietnam Era veterans having decided to make military service a career.

H.R. 1944 and H.R. 1400 are almost identical in the nature of the educational benefits being offered. Undoubtedly, they could succeed in their respectively stated purposes. Each of these bills is a new GI Bill with one important exception. Each is intended not as a readjustment benefit, but as a recruitment/retention incentive.

At the present time, none of the Armed Services are experiencing the severe problems of recruitment or retention which plagued all branches just three short years ago. Indeed, if one could be positively sure that the dramatic recruitment/retention turn-around in the last three years will be permanent, the justification for a Peace Time GI Bill would be practically non-existent with one very substantial exception. The exception being one of the reasons the American Legion continues to support the enactment of the Peace Time GI Bill. That exception is the recruitment and retention of quality personnel. Quality of personnel equates to readiness in all the services because of the need of personnel to operate and mainttain highly sophisticated weapons coming on line now. Educational assistance remains high on the listed reasons for joining the service.

One cannot help but reason that the coincidence of severe recession and high national unemployment levels in tandem with meaningful military pay and benefit increases over the last two years have reversed recruitment/retention problems over the same period. To assume an economic explanation for recent military personnel gains as axiomatic counsels caution that when the economy rebounds, and if pay and benefit increases fall behind as in the past, new shortages of military personnel will once again become a problem. In the absence of a new GI Bill, military personnel will be neither able to afford the current contributory VEAP program nor be induced to enter the military because of such a program.

With this in mind, the services have testified that the current education assistance program has had very limited impact on recruitment and retention. The low participation rate coupled with a relatively high withdrawal rate certainly highlights the marginal benefit of the program. It is merely a minor incentive for recruitment and retention and is certainly well down the list of incentives and quality of life factors.

On the other hand, Ultra-VEAP, used only by the Army in recruiting for selected specialities has produced a qualified success. Ultra-VEAP provides so-called "kickers" or additional funds to the basic VEAP program up to $12,000 maximum. Test results conducted by the Rand Corporation showed that with Ultra-VEAP, the Army increased its quality accessions without decreasing quality accessions in the other services.

Apart from economics, demographics make contributory educational programs even less desirable in the future. Congressional Quarterly's 1980 publication, "U.S. Defense Policy: Weapons, Strategy and Commitments," asserts that in 1980 the military service needed and recruited 1 of every 4 qualified and available males. They project that by the mid-to-late 1980's the services will need to recruit 1 of every 2 qualified and available males. This is because in the post baby boom ear, the population of 18-year-old males will shrink precipitously. Moreover, it is reasonable to assume that if, as a nation, it is decided to eschew a return to conscription, much more potent incentives to join and remain in military service will be needed.

Other legislation which might conceivably be considered by this Subcommittee could erase the 1989 termination date of the Vietnam Era GI Bill for veterans having entered the military prior to January 1, 1977 and having also chosen to make the military a career. It has been pointed out, perhaps correctly, that this change would promote retention of critical skill careerists who otherwise might leave the service in time to utilize their Chapter 34 benefits.

The logic of this proposition is sensible if retention concerns are directed toward all Vietnam Era careerists. However, if the principal retention concern focuses on the critical skill careerists, the logic dims. This is because highly skilled careerists opting to leave the service would likely do so because of higher paying jobs in the private sector. Assuming these careerists left the services for higher paying jobs, it is unlikely that they would utilize their Chapter 34 benefits in pursuit of a college degree.

As a matter of policy which the Legion has adhered to in the last two years, the GI Bill model for recruitment/retention is preferable to a contributory educational program, notwithstanding substantial modification in Legion resolutions between 1980 and the present. This is because, as stated above, economic conditions may change the climate in which young people make decisions on whether or not to enter military service. Moreover, while economics may create instability for military personnel planning, demographics will surely make potent incentives a necessity in the future.

After having tendered support for a GI Bill model, it is worthwhile here also to explore some reservations. First, both H.R. 1400 and H.R. 1944 are more or less generous educational entitlements even though they require performance of specific enlistment periods. Importantly, each seems predicated on an assumption that the All Volunteer concept will remain as the only mechanism to fill the ranks of the military services.

This assumption may not be appropriate if the demographic constraints cited above or the outbreak of hostilities requiring U.S. military involvement dictate large infusions of scarce 18-year old male resources in a short period of time. In that eventuality, it seems reasonable to assume that the nation would have little choice but to return to conscription.

Apart from the fact that the Legion has always regarded conscription favorably, how might the veteran of a future conflict reconcile the equities of being eligible for future educational readjustment benefits no greater than those received by his peace time peers? H.R. 1400 and H.R. 1944 leave little room either for conversion to a readjustment benefit or enhancement of benefits for future wartime veterans.

If in the wisdom of the Veterans Affairs Committees and Congress it is determined that either H.R. 1400 or H.R. 1944 are necessary, the Legion would take exception to the provisions that require funding by the Veterans Administration. Clearly VA has successfully administered each preceding GI Bill and unquestionably has the expertise to administer a new education program more efficiently than DoD. It is even more clear that H.R. 1944 and 1400 are for the purpose of recruitment and retention of armed forces personnel, the responsibility of DoD and each of the services. Therefore, it stands to reason that funding should be a function of the Defense Department.

While The American Legion has no position on the transferability provisions contained in H.R. 1400 and H.R. 1944, we would question the advisability of providing this overly-generous benefit due to the current strains on the resources of the Department of Defense.

Mr. Chairman, that concludes our statement.

RESOLUTION 516—EDUCATION INCENTIVES FOR ACTIVE AND RESERVE FORCES

Whereas, Congress has terminated the education program under Chapter 34, Title 38, U.S. Code, for those persons enlisting in the Armed Forces of the United States on or after January 1, 1977; and

Whereas, Congress replaced this educational assistance program with a less generous experimental contributory program under Chapter 32, Title 38, which is known as the Post-Vietnam Era Veterans Educations Assistance Program, or "VEAP," wherein the Federal Government matches on a two-to-one basis the deposits by the individual military member to VEAP; and

Whereas, the Secretary of Defense is authorized under this program to contribute additional unspecified amounts to an individual's VEAP account above the level as a recruiting or retention incentive; and

Whereas, the armed services have testified that the VEAP program is not effective as a recruiting and retention tool; and

Whereas, the Department of Education now provides without service requirement, direct and guaranteed student loans with minimal interest rates which do not require repayment to commence until 9-12 months after graduation with complete repayment within 10 years; and

Whereas, all military services are currently experiencing great success in recruiting and retaining military personnel but it is apparent that this problem will worsen in the 1980s as the number of 18-year personnel decline to 1.7 million in the latter part of the decade, thus requiring the services to recruit 50% of all military age males who are physically and mentally qualified and who are not enrolled in college in order to meet the manpower needs of the services; and

Whereas, The American Legion believes that educational incentives play an important part in the recruitment and retention of personnel, and any attempt to restrict or delete such benefits as a cost-saving measure would adversely affect the military services ability to meet their accession and retention goals; and

Whereas, The American Legion believes that the declining numbers of 18-year old personnel will likely force resumption of the draft, and will encourage Congress to authorize an education incentive program as a readjustment benefit comparable to those that were provided under Public Law 89-358, the so-called "Cold War Veterans Readjustment Act." Now, therefore, be it

Resolved by the American Legion in National Convention assembled in Chicago, Illinois, August 24-26, 1982, That we urge Congress to enact legislation which would authorize and fund an education incentive program to support retention for Active and Reserve Forces; and be it finally

Resolved, That The American Legion recommend to Congress that any such educational incentive program be funded as a Department of Defense function but be administered by the Veterans Administration since the VA currently has staff and expertise to administer such a program.

RESOLUTION 355—MILITARY DRAFT

Whereas, nine years have elapsed since the United States initiated the effort to meet its military manpower requirements through the concept of All Volunteer Force (AVF) with a standby Selective Service System theoretically capable of quick reactivation to provide draftees in an emergency; and

Whereas, several underlying assumptions on which those manpower policies were based have changed since the AVF began in 1973; i.e., as stated by the Senate Armed Services Committee; "Soviet military capabilities have increased substantially in terms of quantity and quality of manpower; quantity and sophistication of material; command, control, communications and intelligence capability;" and

Whereas, all our armed forces are suffering from the impact of having to compete for a dwindling manpower pool, which by 1992 will require the enlistment each year of one in four of American males who become eligible for military service; and

Whereas, all Services are, at the moment, reaching their active duty manpower quotas at undue expense in terms of the dollars used for recruiting and in terms of the societal imbalances of the recruited force; and

Whereas, the costs associated with keeping people in uniform have continued to rise in spite of the increased monetary support for our people, we have wound up with a force that is substantially under-armed, trained and under-qualified; and

Whereas, we Americans find it difficult to believe that the problem can be resolved simply by throwing more money at it; and

Whereas, frequent overseas deployments and non-competitive compensation have brought pressures on career personnel that continue to drive them from the ranks in substantial numbers seriously depleting the level of professionalism through all the Services; and

Whereas, the time has come for us to acknowledge the failure of the All-Volunteer Force and we must find other ways to build the capable, credible military forces that are essential to our national policy and interests; and

Whereas, the only obvious system is a form of Selective Service that brings service to the country back into proper national perspective as history shows no successful substitute for the citizen's direct involvement in his destiny; and

Whereas, any operative Selective Service plan had to be completely fair for all as ever since Vietnam, middle Americans have not been in uniform of their country; and

Whereas, the Military Selective Service Act, as amended, provides a fair and equitable selection system under which 95 percent of our young physically qualified men have an equal opportunity to be considered for military service through a lottery system with stringent controls over deferments: Now, therefore, be it

Resolved by the American Legion in National Convention assembled in Chicago, Illinois, August 24-26, 1982, That we recognize the inadequacy of the All-Volunteer Force and support a return to a military draft program as the primary source of personnel to meet the manpower requirements of our armed forces, including the Reserve components thereof.

TESTIMONY OF LT. COL. DAVID J. PASSAMANECK, USA (RETIRED), NATIONAL LEGISLATIVE DIRECTOR, AMVETS

The consideration of H.R. 1400, introduced by the distinguished Chairman of the House Veterans Affairs Committee, involves a delicate balancing of philosophical and jurisdictional questions not necessarily germane to the substantive purpose of the legislation. The principle problem for the several agencies of the Government and the veterans organizations, concerns itself with whose budget will be tapped and whose administrative structure will be employed in implementing a peacetime educational assistance program for veterans. Motivational questions regarding the designed purpose of such a program seem to blot out the objective evaluation of the merits of providing non-contributory educational assistance to peacetime veterans.

AMVETS believes that the traditional hard distinctions between wartime and peacetime veterans, which has formed the matrix for much of our veterans legislation, is becoming increasingly irrelevant in this age of constant, increasingly dangerous and expensive struggle with the forces of totalitarian communism throughout the world. The old, mutually exclusive, concepts of peace and war are largely obliterated by the quest struggle in which we are engaged on all fronts, including at home, with the most powerful and militarily ruthless force in world history. We may not be at war in the traditional sense, but we certainly are not languishing in a comfortable world at peace.

The sacrifices which military service exacts, especially in terms of years taken away from that period of life usually devoted to education are just as real for the peacetime veteran as for his wartime comrade. The crucial need for armed forces of the highest caliber is greater now than at any time in our history, including periods of hostility. AMVETS believes that it is high time that the dignity of military service during this age of peril be recognized, at least to the same degree that wartime service has been recognized in the past.

H.R. 1400 and similar legislative proposal will serve the purpose of encouraging recruiting for the armed services. They will, of course, also provide GI Bill benefits for peacetime veterans proportionate to their active service, and as such are legitimate veterans programs. AMVETS is in favor of the enactment of H.R. 1400. We believe that the allocation of cost as between the Defense Department and the Veterans Administration is a secondary consideration in the evaluation of this legislation. AMVETS has always taken the position that the cost of veterans entitlement programs is a continuing cost of national defense at the same priority as the maintenance of the active forces. We cannot take this position and at the same time fiscally divorce ourselves from programs which also have a direct impact on the maintenance of the active military forces. So long as the necessary funds are appropriated to carry out the program, including administrative cost, as contemplated by the proposed Section 1445 of the Bill, AMVETS is not unduly concerned about the bookkeeping or jurisdictional considerations. Under no circumstance, however, should this program be underfunded or forced into the existing budgetary levels of either D.O.D or VA.

AMVETS is in favor of the removal of both the December 31, 1989, termination date and the 10-year delimitation period under the current Vietnam GI Bill.

AMVETS is also in favor, as National Commander Martin pointed out to the full Committee on March 17th of this year, of at least a 15 percent increase in the monthly allowances now given GI Bill recipients.

We also favor the proposal of the distinguished Chairman of the Senate Veterans Affairs Committee for a $1 increase in the Government contribution to VEAP accounts.

This concludes my testimony. I will be happy to respond to questions.

PREPARED STATEMENT OF RICHARD W. JOHNSON, JR., NATIONAL LEGISLATIVE DIRECTOR, THE NON-COMMISSIONED OFFICERS ASSOCIATION

The Non-Commissioned Officers Association appreciates this opportunity to share with the committee its views regarding the creation of a new G.I. Bill.

In the Association's opinion four basic issues are germane to the consideration of a new G.I. Bill. First, do the armed forces need an educational assistance program to achieve recruiting and retention objectives? Second, does the existing Veterans Educational Assistance Program meet the requirement or should it be replaced? Third, how will a new GI Bill effect recruiting and retention? Finally, what kind of G.I. Bill can fill the service needs and still be cost effective?

RECRUITING AND RETENTION

Recruiting and Retention in the armed services has improved dramatically in recent years. In the midst of a national recession, the services have been able to exceed 100 percent of their recruiting and retention goals. Reenlistment rates have climbed above 80 percent for the first time since the mid 1970's. As a result, the services have been able to become selective about both recruiting and retention. More than 80 percent of all new recruits are high school graduates and those who do not complete high school within their first enlistment are not allowed to remain in service. The services have also managed to replace a significant loss in the NCO/PO ranks that plagued them in 1979. The new corps of mid-level technicians and troop leaders is younger and less experienced than those the services lost, but is gaining in expertise.

This recovery was fueled by more than $3 billion in bonuses, 30 percent pay raises and 10 percent civilian unemployment rates. Recovery was not cheap, and it is still incomplete. Moreover, continued replacements of personnel shortages are expected to become more difficult. Improvement in the Nation's economy, combined with a 4 percent military pay cap last year and a proposed freeze in military pay this year, may bring a repeat of the 1970's exodus of skilled and trained professional servicemembers. Increasing special pays and maintaining pay comparability will help to avoid an exodus, but they are only part of what can be done.

The services have frequently acknowledged the value of using education programs as an inducement to military service. In several surveys conducted by the Defense Department, education benefits consistently have been among the top 10 reasons listed by young people as the prime motivator for their decision to enlist. In a 1975 survey one of every four new recruits interviewed said they would not have enlisted without the G.I. Bill. Another 36 percent of those surveyed were not certain if they would have enlisted without the G.I. Bill. That same study predicted many of the recruiting and retention problems the services encountered in the late 1970s after the Vietnam Era G.I. Bill was terminated.

Armed with this knowledge, the Defense Department tried to mitigate the loss of the G.I. Bill with substitute programs. Most significantly, initial enlistment bonuses have been used more extensively; service sponsored tuition assistance programs have been expanded; greater emphasis has been placed on vocational and technical training opportunities in recruitment advertising; VEAP has been promoted and expanded dramatically; and, DoD has asked for an extention of the December 31, 1989 delimitating date to aid in retention of those who entered service prior to December 31, 1976. Yet, defense planners realize that these efforts may not be enough.

DoD officials have recently stated that recruiting will become more difficult in the months and years ahead as the economy improves and the enlistment age target group growns smaller. DoD has also asked for legislative relief from congressionally imposed mandates on recruit quality, presumably, to help ease future recruiting problems. Still nothing has provided the same kind of universally positive effect on recruiting as education benefits. As a result, Defense spokesmen have said educational assistance programs need to be maintained and, perhaps expanded if the services are to meet their recruiting objectives.

VEAP

VEAP was created by Congress to fill the void created by the termination of the Vietnam Era G.I. Bill. The effort was well intended but in creating VEAP, Congress established service recruiting as a new "direct beneficiary" of post-service veterans education programs. VEAP exists and survives more for its institutional value rather than its value to the servicemember, the veteran and society in general. Its purpose as an educational assistance program has been subordinated to its purpose as a recruiting tool.

Statistically, VEAP has experienced low enrollment and high withdrawal rates servicewide. The contributory nature of VEAP has discouraged enrollment. Two years ago the minimum VEAP contribution was more than 11% of entry level pay. The maximum contribution was more than 13% of the pay of an E-4 with two years of service. Recent military pay raises have reduced these percentages but contributions still represent a substantial forfeiture by a servicemember living near proverty level. Recognizing this failure, the services sought and now selectively employ "kickers" to enhance the use and effectiveness of the program but this selective application is expensive and has done little to improve force quality. Moreover, it has reinforced the preception that VEAP is littie more than a "bonus" program.

VEAP's greatest failure is vested in its lack of respect for those who participate or would like to participate in the program. Its requirements for cash contributions from low incomes; the relatively low yield in relation to education costs; the requirement for continuous fixed level contributions; the inability of the member to easily recover monies contributed before leaving service or immediately upon disenroll-ment; the lack of understanding; and the differentiation between various participants are all examples of VEAP's problems. Further, these inadequacies have been compounded by giving our service people the perception that voluntary service is not as important as that by inductees in the Vietnam Era. They believe the political theory on the issue is, "We don't need to help peacetime veterans reconstruct a life they voluntarily interrupted to serve their country."

Mr. Chairman, the Committee knows that this is not true and has never been among the political considerations driving this issue. But, the Committee also knows that when dealing with people, misconceptions such as these can permanently condemn an otherwise worthy effort.

Accordingly, reliance on the recruiting and retention impact of a new G.I. Bill cannot fully justify its creation. To be successful, it must be acceptable to the servicemembers and veterans for whom such a program is created. It must overcome the failures of VEAP and bring "people" considerations back into the issue. Fortunately, there is a successful model to use in designing a new G.I. Bill.

EFFECTS OF A REAL GI BILL

The vietnam Era G.I. Bill is probably one of the most successful government programs ever conceived. It was simple, easy to understand and adequate to the task. It gave educational opportunities to thousands of veterans who may not otherwise have been able to afford a college education. At the same time, it assisted armed forces recruiting, providing perhaps as many as one fourth of all volunteers and influencing the enlistment decisions of more than half of those who served during the Vietnam Era. Subsequently it helped veterans readjust to civilian life. Today, the United States is beginning to reap the benefit of that investment.

The old G.I. Bill has to be considered an investment in America. According to Internal Revenue Service and Treasury Department estimates, the United States will get back $3 to $6 for every $1 paid to veterans in educational assistance. The return comes in the form of higher taxes on the increased earnings made possible by a G.I. education. Additionally, the country benefits from their services as engineers, scientists, technicians, and the other occupations which veterans enter. The Association believes a new G.I. Bill will restore this investment in America. Moreover, putting money into a G.I. Bill has a immediate and sustaining effect on the country before it is returned in taxes.

The money paid in education benefits goes into communities and school system across the United States. It builds and sustains schools and colleges. It supports veterans who contribute to the community. At one time, G.I. Education Benefits accounted for about half of all federal student aid. Today only about 10 percent of the federal student aid goes to veterans. This means two things. First, post-secondary educational institutions are losing a major source of revenue which affects every congressional district in the nation. Second, and perhaps more important, 90 percent of all student aid is being provided to young men and women who have no obligation to serve their country. It is a sad commentary on society when those who do not serve their country can reap greater benefits than those who fulfill an obligation of citizenship.

Our point is an simple one. We believe it is time to recreate the G.I. Bill for those who serve.

NEW GI BILL

NCOA's position on a new GI Bill has not changed substantially in the past several years. We believe the keys to a successful new GI Bill are simplicity and equity combined with cost effectiveness.

Our recommendations to achieve this goal are simple. First, provide a single basic benefit based on length of service. This approach was endorsed last year by the Congressional Budget Office. According to CBO, this will hold down the cost of the program and is not likely to affect first term retention. We agree.

Second, if some sort of supplemental benefits are included for members or their dependents, we believe they should be contributory. Certainly this is the most controversial part of the bill, and in all honesty, it is likely to be the least productive. NCOA advocates providing assistance to service members who want to save additional money for their own education or that of a dependent. Assistance is the operative word. A participatory or savings program with matching funds would be acceptable, but we would oppose any program which allows either direct transferability of benefits or the services to make contributions on behalf of any member. Help—don't give.

Finally, we support in-service use and education leave provisions. Both will allow the armed services to benefit from the members's education thus improving the quality of the Armed Forces.

These recommendations are based on the principles that made previous GI Bills successful in providing veterans education and a steady flow of recruits for the armed forces. It is not a "gee golly whiz bang boy have I got the answer" formula. Program simplicity combined with reasonable levels of assistance and benefits attract people to serve in the armed forces.

Tiering benefits and providing transferability will not help recruiting or retention but they will tremendously increase program cost and may ultimately hurt the people they are intended to benefit. The tiered programs recommended in most of the house bills provide benefits which mature at the sixth year of service. Some of the measures provide nearly as much in tax free education benefits as the servicemember takes home in after tax salary. Additionally, second tier benefits are primarily directed at first term retention (or first reenlistment), as area which is not now and never has been a problem. The critical period for retaining most service members is between the second and fourth reenlistment. Creating a matured education benefit at the six year point may further exacerbate the problem by creating a real incentive for people to leave service. Limiting second tier benefits to people in "critical" skills just compounds the problem by limiting the discharge incentive to the people the services most critically need to retain.

Direct transferability presents a separate set of problems. It cannot be cost effective. Many will argue that providing transferable education benefits to one pilot will save thousands of dollars in training his replacement. But for every pilot the services retain, dozens of other people will enjoy a windfall benefit. Once again, limiting the benefits to people in "critical" skills simply limits the number of people who will enjoy the windfall. In our opinion, most of the beneficiaries will be people who have already made a career decision based on employment security, retirement, pay, working conditions and quality-of-life issues effecting the servicemember and his or her family.

In the final analysis, both tiering and transferability are efforts to deal with specific military personnel problems. "Kicker" or "enhancement" authority falls into this category too. The Association believes the manpower objectives can be managed more effectively with less costly special pays. Otherwise, a new GI Bill will face the same problems as VEAP which has been modified several times in an effort to address specific and sometimes transitory manpower requirements.

CONCLUSION

The NCOA does not subscribe to the theory that a non-contributory GI Bill and wartime service are related; nor do we see conscripted service as something requiring the reward of a GI Bill. Whether voluntary or involuntary, service in the armed forces is a duty of citizenship which requires the interruption of civilian life. Whether in peacetime or wartime, the value of military service to the nation is constant. The inherent risks of military service are not significantly reduced in peacetime. The Myaguez incident which claimed more than forty peacetime servicemen occurred about one week after the end of the Vietnam Era. Since then, many more serivcemembers have been killed or wounded by hostile fire. Accidents during training exercises aimed at keeping our forces at the ready have claimed still more.

NCOA has stated its belief that a new GI Bill will induce a relatively constant portion of young people to serve in the armed forces if the program is equitable, easy to understand and the level of benefits is reasonable. In that respect, we view the GI Bill as a recruiting tool. For those willing to serve this country, in peace or war, we view education benefits as their due.

STATEMENT OF MAX J. BEILKE, LEGISLATIVE COUNSEL, THE NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. Chairman, and members of the committee, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that our membership represents all ranks of career and non-career service personnel and their wives and widows. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such membership, we are able to draw information from a broad base for our legislative activities.

The need for an educational assistance program for military personnel is real. Support for such a program has been received from a broad spectrum of august groups and individuals.

The Defense Manpower Commission (DMC) in its April, 1976 report entitled, "Defense Manpower: The Keystone of National Security," pointed out that educational opportunities for military personnel have been identified by surveys as major attractions for quality accessions. Most important are Post-high school programs which include certificate level vocational and technical programs and degree programs from associate to graduate levels.

The value of educational benefits on recruiting was outlined in the results of a February 1977 survey conducted by the Military Personnel Center. "The main reason soldiers join the Army is to secure veterans' educational benefits, according to an Army survey of first-term troops."

The U.S. News & World Report of June 16, 1980 quotes then VA Administrator Max Cleland: "Unfortunately, four wars in this century have given the VA plenty to do for the rest of the century. Barring any more wars, I still see a major increase in the need for health care for aging veterans and for burial sites for former servicemen. I also see a growing need for a peacetime GI Bill, not only to better serve our veterans but to offer more of an inducement for future volunteers for the armed forces."

In 1981, this committee, the House Armed Services Subcommittee on Military Personnel and Compensation, and the Senate Veterans' Affairs Committee listended to hours of testimony on the same subject under consideration today. Witness after witness expressed support for the establishment of a new GI Bill. Not in any fashion to discredit the validity of the witnesses before this and other committees, but, the greatest support has come from those who would be directly affected by such a program—the active duty personnel. Field hearings conducted in 1981 by this Subcommittee clearly substantiated their support. This active duty support and other aspects supporting the establishment of a new GI Bill was covered in an interview with Representatives G. V. Montgomery and Robert W. Edgar which was published in NAUS's Journal of July/August 1982. A copy of the interview is attached.

One cannot question the value of educational assistance as a recruitment tool. It is definitely a benefit. Whenever benefits of military service are discussed, educational benefits enter the conversation very quickly. If the individual is out of the service, use of the old GI Bill is high on the list of that portion of military service most beneficial. To those currently in the service and having entered prior of January 1, 1977, the question is, will the 1989 delimiting date be removed so that earned benefits can be utilized? To those talking to recruiters, the question is, what kind of educational benefits will I receive if I enlist? Some civilians are surprised to learn the old GI Bill has been terminated and that new recruits must now contribute to their education benefits. An educational assistance benefit has perhaps the greatest value of all benefits a recruiter can offer a prospect. This was clearly pointed out in 1981 hearings not only be recruiters, but by High School Guidance Counselors. In testimony on October 6, 1981 before the House Armed Services Committee, Subcommittee on Compensation and Military Personnel Miss Evelyn Wilson, Director of Guidance, Arlington County Public Schools stated she had done a small survey of high school students. In response to her question, "Do you plan on military service after graduation?" Twenty-eight replied yes and 199 replied no. To those who replied no, they were then questioned, "if military service would entitle you to an educational assistance benefit, would you then consider military service?" Seventy-one then replied yes. This is one of the most pertinent arguments that this Congress should enact a new educational assistance program that I have heard to date.

Additionally, I would like to point out that high school guidance counselors have as their main objective the future of their charges. They can guide them in to an occupation within their capabilities or into continued education. For those individuals with college potential, but without monetary resources military service could provide the resource. A guidance counselor can become a valued extension of our recruiters. A recruiter's job would be definitely eased because any prospect sent to a recruiter by a high school guidance counselor would already be sold on enlisting. The recruiter need but close the deal. Of the various GI Bill proposals that have been introduced, NAUS does not support one at the expense of the others. We have found certain provisions in all proposals that we can support. Likewise, we have found some provisions we cannot support. Because of our membership, NAUS can only support a bill that treats all uniformed services equally. My testimony today will forcus on provisions which NAUS believes should included in any educational assistance program Congress enacts. Regardless of the program enacted, it is imperative that such a program be fundable over a long term. We do not want a program that will be funded for five or six years and then dropped because of cost. The program must be equitable to government and individual alike.

NAUS believes a new GI Educational Assistance program at a minimum should contain:

1. *Active Duty Requirement.*—Entitlement to minimum education benefits would be extended only upon completion of twenty-four months active duty. Those individuals released due to service-connected disabilities would, of course, be exempt from the twenty-four month minimum requirement. When one reviews the full value of these educational benefits, twenty-four months of service to one's country is not too much. Additionally, with a possible return to the draft, twenty-four months will more than likely be the period of service required of draftees. If this nation does return to conscripted service, then the nation will be obligated to extend educational benefits to these draftees.

2. *Maximum Entitlement.*—Thirty-six months of educational benefits should be the maximum entitlement. The basic purpose of a GI educational program should be to assist the veteran in readjusting to civilian life. Most undergraduate degree requirements can be fulfilled in four school years of nine months each.

3. *Allowances.*—NAUS believes the computation of educational assistance allowances should follow the format and scale as currently payable under Section 1682, Title 38 USC. This format takes into consideration the number of dependents and whether the veteran is enrolled full time or less than full time. Any new GI Bill should be as its name implies, educational assistance. NAUS does not believe the intent of Congress should be to provide a free of all costs education program plus full living expenses. Full-time school attendance for all veterans is not desirable or feasible. Therefore reduced allowance for those who because of desires, employment or other aspects attend school less than full time must be included in any GI Bill.

4. *Program Completion Limitation.*—A provision requiring that educational assistance entitlements be used within a specific time frame must be included. This time frame must commence on date of last discharge or release from active duty. A period of not less than six years nor more than ten should be established.

5. *Honorable Service.*—NAUS believes the requirement for honorable service is not asking too much of the individual. In fact it is rather easily attained. An individual has to exert considerable effort and time to be discharged or released under less than honorable conditions. Those individuals released under less-than-honorable conditions should be denied the privilege and benefits of educational assistance.

6. *Reserve and National Guard Personnel.*—Special provisions must be made for these valuable total force components. NAUS defers to the expertise of those organizations with membership confined to Reserve and National Guard personnel.

7. *Educational Leaves of Absence.*—It is this provisions upon which NAUS would like to focus its strongest support. Such absences or sabbaticals will not only lend itself to retention of quality personnel, it will allow the services to benefit directly from the educationally improved servicemember. NAUS can think of no better return on our dollars spent on education than to return this individual to active duty. The improved retention factor plus a more high qualified and motivated individual extends an immediate and direct benefit to the services. Our military academies and ROTC programs attest to that factor.

Educational leave of absences should be restricted to those enlisted grades of E-5 and above and commissioned officer grades of O-4 and above. This benefit should be restricted to warrant officers in the grade of W-3 and W-4, and W-1 and W-2s with five or more years active duty as an enlisted member.

Educational leave of absences should be granted only to those who have completed not less than five years of continous active duty, and not more than fifteen years. The maximum period of entitlement should not exceed twenty-four months, to be taken in either one twenty-four month period or two twelve-month periods. Individuals should be paid current basic pay during this period but not basic allowances for quarters or subsistence or other special and incentive pays. Individuals would be entitled to use GI Education Assistance benefits authorized by Title 38 if so desired.

Upon completion of education program, individual would be obligated to complete two months of active duty for each month absent. In the event the individual elects a twelve month absence, obligated active duty requirement must be satisfied before a second twelve month absence would be authorized.

Periods of absence would be counted for promotion and retirement purposes. If eligible, individual could be promoted during such leave of absences.

Travel pay and dislocation allowance would not be payable either upon commencement or completion of absence. Upon completion, individual would return to last duty station for assignment or reassignment if appropriate.

Application for leave of absence should be approved by Secretary of service concerned only upon favorable recommendations by the individual's immediate unit commander and commander with General Courts Martial jurisdiction. Approval should be based on needs of the service, potential of individual to complete the course of study, and relevance of such study to the service concerned.

Secretaries should also have the authority to cancel leaves of absence due to Presidential or Congressional declaration of war or national emergency or due to individual gross misconduct or unsatisfactory performance in the program of education being pursued.

Individuals who entered the service, or commenced active duty January 1, 1977 or later should be eligible for this entitlement. Such a retroactive provision would entitle a few current active duty personnel eligibility upon effective date of the law. This provision would help retain some of the much needed middle-level noncommissioned and petty officers, warrant and commissioned officers who are now leaving the service.

That portion of a new GI Education Bill pertaining to readjustment and which rewards an individual for honorable service should be funded by the Veterans Administration. That portion designed to recruit and retain personnel should be funded by the appropriate department. The Veterans Administration should be charged with overall administration of the program.

In general terms NAUS believes any educational assistance program should be simple for recruiters and enlistees to understand and simple to administer. Complicated programs lead to misinformation, misunderstanding, and misinterpretation of its provisions. If military recruiters do not understand a program, how can they sell it to prospects? The old GI Bill is the type of program needed, it was simple to understand and administer. Everyone knew and could explain the program.

NAUS supports any provision which allows non-high school accession to qualify for benefits by allowing a diploma or equivalency certificate prior to completion of active duty. Likewise, we support restrictions which would prevent additional educational assistance under government expense, i.e., extending benefits to academy graduates.

NAUS has reservations on any provision which will allow the Secretary concerned to increase the benefit rate of undesignated, at this time, specialty skills. The turning on and off of a benefit leads to a lack of faith in that benefit and its administration. In this regard Lt Gen Maxwell R. Thurman, Deputy Chief of Staff for Personnel, U.S. Army testifying on H.R. 1400 in 1981 stated: "One of the things that is essential is that we get a long-term educational incentive program that is not subject to the vagaries of year-by-year determination . . . We need a GI bill and many of the features of H.R. 1400 are similar to the features that we perceive."

An educational assistance program that has provisions that can be turned on and off like a water faucet is not what is needed. NAUS believes such a provision would send the wrong signal to our active duty members. Who is to say that a radar repairman is more essential to overall mission accomplishment than a cook or an engine mechanic. Educational assistance programs should not become a personnel management tool, and that is exactly what such a provision of increases according to specialties or shortages becomes.

NAUS does not concur in the Transfer of Entitlement to Dependents that does not carry a monitary contribution by the servicemember.

NAUS believes that $200 per month basic benefit is by today's standard relatively low and will not serve as much of an inducement for volunteers. We are more inclined toward the $300 benefit.

NAUS continues to support repeal of the 1989 delimiting date for the current Vietnam-era GI Bill.

In closing, the following is extracted from page 94 of the "Secretary of Defense Fiscal Year 1984 Annual Report" to the Congress:

"(5) EDUCATION INCENTIVE PROGRAM

Education incentives have proven to be effective means of attracting high quality personnel to military service. The Veteran's Educational Assistance Program is designed to satisfy the needs of the different services. It allows a basic benefit which can be supplemented by DoD for particular skills, as required. While supporting continuation of the existing program, DOD may need to request more comprehensive programs in the future.

At the same time, we are concerned about the effects of the delimiting date of the Vietnam-era GI Bill. As the 1989 expiration date of the program draws near, a sizable number of members eligible for benefits may decide to leave the service in order to use them. Replacing these trained and experienced personnel would be expensive and time consuming. DOD supports extension of the delimiting date."

This concludes may statement. I appreciate the privilege of appearing before this distinguished committee and am prepared to respond to questions.

National Association for Uniformed Services

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NAUS Interview

Montgomery, Edgar on GI Bill

NAUS Comment: Two members of Congress who have worked exceedingly hard for a new GI Bill (HR 1400) are Reps. G.V. (Sonny) Montgomery (Miss.-3-D) and Robert W. Edgar (Pa.-7-D). Mr. Montgomery introduced HR 1400 and is chairman of the House Veterans' Affairs Committee. Mr. Edgar has conducted numerous congressional and field hearings on HR 1400 as Chairman of the Subcommittee on Education, Training and Employment, House Veterans Affairs Committee. NAUS believes a new education bill will be very much needed in the near future to attract the quality people the services need. Therefore NAUS' Max J. Beilke interviewed these two good friends of the uniformed services to recognize their efforts and to present their views to NAUS members.

Montgomery Interview

NAUS: Mr. Montgomery, you introduced the GI Bill legislation and have been a strong, visible advocate of the program. Why?

Montgomery: When I introduced HR 1400, the Veterans' Educational Assistance Act of 1981, on Jan. 1, 1981, it was in response to the serious concerns of members of the House and the uniformed military regarding the quality of the young people being recruited for the Armed Services and the then high attrition rate. There were also acute personnel shortages in the ranks of senior non-commissioned officers causing difficulties in filling critical military specialties.

Gen Edward C. Meyer confirmed this when he indicated at a hearing on the bill on March 17, 1981, that there was turbulence in the Army

Edgar Interview

NAUS: Mr. Edgar, when you first held hearings in 1981, you were not as intense on supporting a new GI Education Bill as you are today. What changed your outlook?

Edgar: You're right. When we first began our hearings on HR 1400 I was on the fence. I needed to be convinced. We scheduled hearings here in Washington, in the marble halls of Congress. As expected all the experts, the generals, the sociologists, the organizations and associations all "paid their dues" saying a new GI Bill was great and necessary. But it wasn't until we went out into the field, at our hearings in Norfolk, Va. and Boston, Mass. that I became a true believer.

We talked formally and informally with nearly 100 active duty Army, Navy, Air Force and Marine person

MONTGOMERY

(Continued from Page 1)

which was causing problems in recruiting and training sufficient quality people.

Based upon testimony of Gen Meyer and many others, I am convinced that educational benefits will go a long way toward improving the quality of recruits and solving the retention problems, and that is why I am a strong supporter of GI Bill legislation.

NAUS: Your bill as reported out of the House Armed Services Committee differs from your original bill. I realize you are somewhat disappointed, but has it in any way cooled your enthusiasm in having Congress approve some form of non-contributory GI Bill this year?

Montgomery: Not at all. The need for a peacetime GI Bill has been well established. I believe this bill will give a big boost to the military services in their determination to enhance the quality of personnel who are responsible for our nation's security.

NAUS: If Congress passes HR 1400 as amended, do you have plans for introducing any changes next year?

Montgomery: HR 1400, as amended, requires that the Secretary of Defense and the Administrator of the Veterans Administration submit to the Congress, at least once every two years, reports on the operation of this educational benefits program. I think it would make sense to delay any major changes in the program until the first report has been received and reviewed.

NAUS: Currently, non-high school graduates are, in some cases, denied the privilege to serve because recruiters are being overwhelmed with the number of unemployed high school graduates who want to enlist. What will happen to our recruiting effort when unemployment is no longer a problem for high school graduates?

Montgomery: There is no doubt that, unless a peacetime GI Bill is in place, severe recruiting problems will reoccur when the unemployment situation improves. I think in the near future we can expect the unemployment curve to start downward again, so I believe we cannot afford to wait until that happens before enacting this legislation. That is why I am extending my best efforts to have HR 1400, as reported by the Armed Services Committee, approved by the 97th Congress before it finally adjourns.

RESTORE
THE
G I
BILL

Rep. Montgomery (l) with "gift" from NAUS' [illegible].

NAUS: Without giving consideration to military needs either today or tomorrow, but considering only proposed budget cuts in other education assistance funding programs, do you think enactment of a new GI Bill is appropriate at this time for the overall good of our nation? If so, why?

Montgomery: A new GI Bill is particularly appropriate at this time of proposed budget cuts in other Federal educational assistance programs. It is time we adjusted our educational priorities. The highest priority for educational assistance should be for veterans' educational programs to benefit individuals who choose to serve their country. For too long we have had a "GI Bill without the GI" in the Department of Education grant and loan programs. HR 1400 is in keeping with the philosophy of previous GI Bills that a person who makes a sacrifice in the national interest by serving in the Armed Forces should be rewarded with education and training benefits to help make up for the time lost while serving in the Armed Forces.

HR 1400 will also establish a program of educational assistance for members of the Selected Reserve and National Guard who agree to serve for at least six years. This educational program for the Selected Reserve was introduced initially by me as HR 3997 and was made a provision of HR 1400 when the bill was approved by the Armed Services Committee. Some call it a mini-GI Bill for the Selected Reserve and National Guard. An individual would be entitled to an educational assistance allowance for a maximum of 36 months at $140 per month for full-time training. Educational assistance will be provided after the individual has completed the initial period of active duty for training and 180 days of service in the Selected Reserve or National Guard. This assistance will not be provided to an individual who has received a baccalaureate degree.

All agree this educational program for the Selected Reserve will be a giant step forward in helping the Reserves and National Guard meet its quotas and be prepared to carry out its mission as part of our All-Volunteer Force.

NAUS: Is passing a GI Bill in 1982 really necessary if it will not have an effect on enlistments and retention until 1985?

Montgomery: 1982 is certainly the time to pass a GI Bill. The Armed Services are going to have real problems recruiting and retaining good people in the future. We know that right now, so now is the time to act—before a crisis develops—before it becomes difficult to recruit quality high school graduates—before the manpower pool begins shrinking—before those important mid-level career NCO's start leaving to go into private industry.

NAUS: GAO Report HRD 82-15, Dec. 3, 1981, "Students Receiving Federal Aid are not Making Satisfactory Academic Progress: Tougher Standards are Needed," revealed that more students receiving Pell

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nel, from E-1's to colonels. The troops themselves knew right away what education benefits could mean to them, their families and the men and women who served with them. They knew very clearly what a new GI Bill could mean to the All-Volunteer Force. They were the real experts. From that point on I knew that we needed a new GI education program, and needed it now.

NAUS: Since the beginning of the 97th Congress in January 1981, how many hearings have you chaired on this subject and approximately how many witnesses have testified before you?

Edgar: I chaired eight hearings, not including our Subcommittee on full Veterans' Affairs Committee markup sessions, with a total of nearly 200 witnesses. But the actual planning for the legislation, drafting its design and content by Chairman Sonny Montgomery, began early in 1980. We participated in those sessions with Department of Defense (DoD) and Pentagon officials entailing hours of discussion, drafting and redrafting, to sculpt the program as best we know how. A wise man once said, "there are two things in this life you never want to see being made: sausage and the law." But I know for a fact that HR 1400 received more in-depth review from beginning to end than any piece of legislation before our Committee. In the end we came out of the Veterans' Affairs Committee with a very good program. My only regret is that it wasn't approved by the Armed Services Committee in that form. But we expect to get another shot at it as it passes through the legislative process.

NAUS: If the young people who use the GI Bill earn more money because of the college education and thus pay more taxes, won't the actual cost be offset by the increased tax revenue?

Edgar: Testimony before our Committee and in prior years before the Senate stated that for every dollar invested in GI Bill education the Federal Government has received $3 to $6 in return. In that sense, the GI Bill has been one of the best investments our country has ever made. On the other hand, the recruitment and retention incentives, including the transferability provision within HR 1400, can significantly improve the quality of military manpower and reduce the attrition rate. Our testimony indicated that merely cutting military attrition in half can save $600 million per year. On that point the legislation is a true bargain for the DoD.

NAUS' Bolke (l) with Rep. Edgar.

NAUS: Approximately 60% of those eligible used the old GI Bill. Do you have any reason to believe the usage rate of any new GI Bill will be different?

Edgar: We are breaking new ground with HR 1400. Prior GI Bills were of different size, shape and purpose. The Vietnam Era GI Bill was a readjustment benefit. Our new program was designed as a recruitment and retention incentive. Basically, we used the 60% utilization figure as a benchmark. But actually, utilization rates are based on a very complex formula impacted by the amount of benefit offered—the higher the benefit level, the more the utilization; and the design of the program—for instance, transferability will increase utilization. We even had to use external social and economic factors such as projected unemployment and inflation rates which will affect how the education benefits are used and who will use them.

NAUS: The VEAP has a participation rate among our active duty force of approximately 24 percent. Forty percent of these participants later drop out. The DoD considers the program a success. Do you agree with their assessment?

Edgar: There is no question based on all our testimony that the VEAP program has been a make-do disaster. The DoD undercuts its own argument and supports our position when they say VEAP is a "success." The only success they have had with the program, and only for the Army, has been when they arbitrarily raised the benefit for certain individuals to levels approximating our legislation, HR 1400. We appreciate their support on that score.

NAUS: Congressman, currently young men and women are being asked to perform a citizens duty of service to their country for pay. Upon honorable completion of the service, we are saying thank you and good-bye. They are not eligible for unemployment compensation or education benefits. How much longer will young Americans continue to serve knowing the hello is warm and cheerful, but the good-bye terse and unfeeling?

Edgar: I believe there is a very clear awareness across the United States that the benefits and our commitment for those who serve and have served in our Armed Forces are just as much a part of our national defense as what we spend on tanks, ships, and planes. The American people have seen what happened to the Vietnam veterans and how they were welcomed home. Currently we are also witnessing an erosion of support for medical and compensation benefits for World War I, World War II and Korean War veterans. These are very strong negative signals for any young person willing to commit themselves to military service. We must see that these commitments are kept.

On the other hand, if we look at military service only as a job, then we

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run the risk of making the same mistake as the Roman Empire. We establish an elete "Praetorian Guard" and not a quality citizen-soldier defense force more in tune with our history and democratic traditions. In other words, patriotism must not be bought, but it can, and should, be rewarded.

NAUS: The DoD is the only witness to testify in opposition to a new GI Bill. Their position is that because the current Veterans' Educational Assistance Program (VEAP) is successful there is no need for a new GI Bill. Do you believe this is the real reason, or is there some hidden reason they don't want to relate?

Edgar: As you know, for well over one year during our hearings the DoD promised to bring to the hill their version of the new GI Bill. Both the President and the Secretary of Defense on many occasions spoke personally with Chairman Montgomery on the need for the new program. What suddenly changed their minds?

Their decision was not based on the need or the merits of the program, certainly, because we had received universal support during that time. I believe their decision was based on three separate factors.

First, there is an inordinate paranoia within the Administration that government is "the enemy of the people." Bad government certainly is, but not all government. In any case, "government programs" and "government services" have really gotten a very bad name as either being ineffective or unnecessary. Loans and grants under Federal Education Assistance programs are a prime target and prime example of this suspicion. I believe this feeling translated itself over to our "new" program, our GI Bill. There is certainly a feeling within the Administration that we should treat the All-Volunteer Force within the perspective of "supply side" free enterprise economics. The recession and the highest unemployment rate in 40 years has "paid off" in the form of lower inflation rates by restricting the economy. Likewise, unemployment has done the same thing by temporarily improving military recruiting. Obviously if you pay enough for recruits and spread enough money around, the disincentives in the civilian sector are going to drive young men and women into the military just to get a roof over their heads. But, who suffers in the meantime. In doing so, are we making the military an honorable profession, or only an "alternative." We might get the numbers, but not the commitment.

Second, I believe that many DoD officials knew that the President's proposed Defense budget, the largest peacetime military build-up in U.S. history, was going to come under criticism in the Congress this year. A new program, especially one for personnel, undoubtedly would undermine their case in support of this huge expenditure in hardware during a time of strict budget scrutiny.

Third, I believe there is a feeling among many high Administrative officials that some form of draft or return to conscription during this decade is inevitable especially seeing the severe shortages of 18 or 19 year olds we will be experiencing. Implementing a new across-the-board education program for the All-Volunteer Force at this time would only make it more difficult to "switch horses" when that time comes. I trust that time will never come. But continuing with the present inequitable and inefficient VEAP program only makes the switch easier for them.

PREPARED STATEMENT OF COL. ERIK JOHNSON, ASSOCIATION OF THE UNITED STATES ARMY

I am Colonel Erik Johnson, USA retired, Association of the United States Army. This Association very much appreciates the opportunity to express its views on the subject of educational assistance for recruiting and retention in the Army.

First, let's look at educational assistance from the standpoint of recruiting. Recruiting good soldiers is the first step in building and maintaining a competent Army. It is widely known that fiscal year 1982 was a good year for Armed Forces recruiting. All of the Services met or exceeded their recruiting goals both in numbers and quality. The Army brought in just over 130,000 new recruits (104 percent of its 1982 objective) and 86 percent of them were high school graduates. That is good performance by any standard of measure.

While one cannot ignore the resources and encouragement provided by the Congress to assist the Army to achieve this excellent recruiting year, neither can one overlook the serious recession and concurrent high unemployment, especially among youth in this country. It would seem only reasonble to conclude that some youths joined the Army or the other services because there was no other job opportunity available to them.

If one accepts the probable influence of the economy on the decision to join a military service in time of limited employment opportunities, then it seems only reasonable that it will also affect a decision to join or not during times of greater employment opportunity elsewhere. If one adds to this the fact that our pool of military-age youths is decreasing in size, it is clear something more than the lure of adventure, job security, and patriotism will be needed to meet future Army quality manpower requirements.

Less we forget, in 1979—only 3½ years ago, when the national unemployment figure was only 5.8 percent, conditions in our Army were unsatisfactory:

The Army was short over 30,000 soldiers. Of that total, 16,000 were noncommissioned officers.

Only 64 percent of new recruits that year were high school graduates.

Seven Active Component divisions and seven National Guard divisions were not ready for combat.

The Army National Guard was 57,700 short of authorized paid drill strength. That's authorized, not required strength.

The Army Reserve was 70,000 short of authorized paid drill strength. Again authorized, not required strength.

If we are not careful, if we fail to look to the future and foresee what seems to us to be clearly evident from recent past experience, we could again see our Army return to a state that led the current Army Chief of Staff to call it, "a hollow Army."

To prevent such an occurrence, we need to put into place now manpower programs designed to assure the Armed Services, and especially the Army, a reasonable basis upon which to continue to compete in market place for high quality, educated and trainable youths for the foreseeable future. If we fail to do this, at the very least, we threaten the all volunteer force concept, at worst the security of our nation.

An educational assistance program is a proven, highly effective recruiting incentive. Not only is it a strong magnet among bright, motivated youngsters, it is also attractive to their parents.

However, as I said earlier, recruiting good soldiers is only a first step in building a competent army; a second is retaining a proper number of those you have trained. A truly balanced manpower program must provide for the retention of those personnel in whom much time, money and other resources have been invested.

Retaining noncommissioned officers and specialists and those first term soldiers with greatest potential to become noncommissioned officers and/or technical specialists in the career force is a challenge for Army commanders and personnel managers alike. Not only must they help the Army find the best soldiers to fill shortage skills, they must also work with the most eligible soldiers to persuade them to stay with the Army. Pay, promotion, benefits and bonuses made available to reenlisting soldiers are important and effective. So would be a properly structured educational assistance program.

While some may argue that the lure of a government subsidy for education encourages soldiers to leave the service and avail themselves of the benefit, we say an educational assistance program must be structured to encourage soldiers toward a career decision in the Army.

This brings me to my final point—the structuring of an educational assistance program for the Army. In our view such a program should include the following provisions to aid recruiting:

Eligibility restricted to enlisted High School Graduates with honorable service and limited to use in post-secondary schools only.

Two-year enlistment option. Most experts in the recruiting business do not believe that you can obtain subtantial numbers of quality enlistments in the active force without this provision.

Provide entitlement for pure reserve service.

Maximum entitlement: 36 months of education, a full four-year college program.

Basic benefit earned a basis of one month of education for one month of active service or four months of reserve service.

Monthly subsistence allowance should bear a relationship to college tuition and other costs. During school year 1981-82 tuition, room and board at state universities averaged $4,000.

In order that the individual services may be competitive in the market place, we believe that the Secretaries of the Military Departments should be granted the authority to add to the basic educational package such additional incentives to fill critical military occupational specialties as the Services may be willing to fund, and the Congress appropriate. The Army must have a competitive edge to attract quality enlistees from the decreasing supply of young men. This is entirely consistent with bonus and incentive plans already in use by all the services.

As an aid to the retention of quality careerists, the following additional provisions should be included:

A substantially increased monthly allowance for six or more years of active service.

Transfer of earned entitlement to dependent children after ten years of active service.

Allow ten years after final service separation to complete using entitlement.

We should also do something for those current service personnel whose service began prior to 31 December 1976. Congress should extend the current termination date of the Vietnam Era GI Bill, 31 December 1989, to ten years after final separation. This will preclude those careerists now eligible for an educational benefit from confronting the painful decision to leave the service in 1985 in order to use it or remain in service and lose the opportunity.

We believe that a new educational incentives program is necessary to meet the challenges of recruitment and retention of military personnel in both our Active and Reserve Forces if we are adequately to man the Total Army throughout the 1980s. Since the Gates Commission proposed an All Volunteer Force in 1970, with the support of the Congress, the Army, as well as the Department of Defense, has employed a variety of initiatives to attract adequate numbers of qualified recruits and to retain experienced soldiers. We believe that an improved educational incentives bill is an absolutely essential addition to that incentive package.

We believe it important, whatever educational assistance be enacted, to recognize that there are two distinctly different but complementary functions to be served by educational assistance legislation: to attract and recruit bright young men and women into the Army; and, secondly, to encourage those same bright young men and women to remain in the Army.

Despite the unwillingness of the Administration to support legislation for a GI Bill at this time, past experience and the results of the various tested educational recruiting incentives indicate it is now time to provide a strong educational incentive to those who would serve in our Army Forces. A bill containing the provisions of HR 1400 will do just that, and this association supports it.

Gentlemen, this concludes my statement. I am prepared for your questions.

PREPARED STATEMENT OF ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. Chairman and members of this distinguished Committee, I am Robert W. Nolan, National Executive Secretary of the Fleet Reserve Association. The Fleet Reserve Association is comprised of 158,573 enlisted members, active duty and retired, of the U. S. Navy, Marine Corps and Coast Guard. In view of our leadership role in learning just what the active duty personnel believes would constitute a meaningful peacetime G.I. Bill, I believe that I can safely state I am also representing the active duty force of the U. S. Navy, Marine Corps and Coast Guard.

Based upon our previous testimony on a peacetime G.I. Bill before this Subcommittee, the House Armed Services Subcommittee on Compensation and Personnel and the Senate Veterans' Affairs Committee you are aware of the F.R.A.'s continuing concern for the establishment of a meaningful education assistance program which will not only attract but retain personnel in our Armed Forces.

It is our pleasure to present the views of those who will be directly affected by the passage of a veteran's educational assistance act.

PRESENTATION

"We should take steps immediately to restore the G.I. Bill, one of the most effective, equitable and socially important programs ever devised." These were the words of presidential candidate Ronald Reagan speaking to the American Legion convention in Boston in the summer of 1980.

"While the Administration supports a program of educational benefits, it does not support any major changes to the existing program at this time". These are the words the Assistant Secretary of Defense for Manpower, Dr. Lawrence J. Korb, stated to the Senate Committee on Veterans' Affairs just four weeks ago.

Clearly, there has been a dramatic reversal of the position on the issue of veterans' educational assistance programs in less than three years.

When this Subcommittee initiated hearings into the prospects of establishing a new peacetime G.I. Bill two years ago, the Joint Chiefs of Staff, the Service's personnel chiefs, the Services' recruiting chiefs and the senior enlisted of each Service testified to the need for a meaningful educational assistance program.

This Subcommittee took the public hearings into the field in the Tidewater Area of Virginia and to greater Boston, Massachusetts and interviewed the active duty personnel stationed in those areas. The Fleet Reserve Association, in cooperation with U.S. Representative Duncan L. Hunter, held a public G.I. Bill Forum in San Diego. Thirty-nine active duty witnesses, ranging from pay grades E-3 with three years of service to E-9 with thirty years of service, presented the views of over 200,000 active duty personnel. Amazingly enough, the views of all personnel, those in the Tidewater Area, Boston, and San Diego, were the same: a peacetime G.I. Bill was needed and all felt such a program would attract and retain Service personnel. The witnesses even independently agreed on the basic provisions of a new G.I. Bill.

Yet, here we are today with the debate still ranging because of one simple fact, COST! Have the participants in the debate forgotten the lessons of the previous G.I. Bills? They have clearly proven to be, "Bread cast upon the waters". The government's cost of past G.I. Bills have been returned to the government's treasury ten times over! The G.I. Bills have been a social investment for America that have reaped a most bountiful and beneficial harvest for all.

THE FRA'S GI BILL FORUM

On Saturday, 21 March 1981, F.R.A. in cooperation with U.S. Representative Duncan L. Hunter, sponsored a G.I. Bill Forum for active duty service personnel. We wanted to learn what personnel who would directly benefit from the passage of such a law, believed would attract and retain military personnel. Through the cooperation of the Navy's Command Chief Petty Officers and the Marine Corps Command Sergeants Major we publicized the aim of the Forum and invited active duty personnel to appear and give us their views. As previously stated, 39 personnel on active duty appeared as witnesses. The format of the forum was the same as this Congressional hearing. In almost every case, each witness was the spokesman for his contemporaries in his military unit. Thus, the views of over 200,000 service personnel were reflected.

Subsequently, the F.R.A. has conducted two validly statistical direct mail surveys of active duty personnel to corroborate the information we recieved at the forum. In my recent conversations with the Navy's Fleet and Force Master Chief Petty Officers I find that an educational assistance program still has a very high priority on the list of personnel benefits. Despite the lapse of time since the F.R.A.'s G.I. Bill Forum, these conversations with the Master Chiefs, our conversations with others and a steady stream of mail into our offices reinforce and support the original findings of the G.I. Bill Forum.

PROVISIONS OF A PEACETIME GI BILL

It is clear to us that active duty personnel are most realistic and practical in their expectations of a new G.I. Bill. Based upon their recommendations to us, the following are the main points of their testimony:

1. They were of the opinion that a two-tiered program with benefits based on progressive length of satisfactory service offered the best basis for attracting and retaining service personnel.

2. They strongly recommended a non-contributory entitlement program.

3. That all personnel who remain or enter the Armed Forces must complete a minimum of one enlistment of honorable service and be eligible for reenlistment to receive benefits; the only exception would be for personnel released because of a military disability with an honorable discharge.

4. The witnesses stated it is only equitable and absolutely necessary to provide G.I. Bill benefits to persons serving a combination of active duty and Reserve or National Guard service under lengthier terms to maintain equity and maintain the strength of the Guard and Reserve.

5. The witnesses were adamantly opposed to granting G.I. Bill benefits to persons separated administratively "under honorable conditions" or who are discharged dishonorably.

6. The witnesses were unanimous in the belief the new law's stipulated termination date be a specified time after the service member's LAST dischange or release from active duty.

7. The witnesses were unanimous that service members who qualified under the Vietnam-Era G.I. Bill and who subsequently qualify under the new law, have the option of electing benefits under one of the two laws.

8. They adamantly opposed the linking of educational benefits to military skills. They believe critical skill retention can be achieved more economically by other means, causing less dissension in the ranks.

9. They believed that maximum benefits should be earned by ten years of military service.

10. All witnesses stressed that any educational program be closely monitored to assure participating members are maintaining strict academic standards thus, protecting and preserving the program's scholastic integrity.

THE TRANSFERABILITY PROVISION

The transferability provision whereby a service member could transfer his unused education benefits to a legal dependent was the most popular provision of the G.I. Bill concept. The overwhelming majority of witnesses testified there would be no true retention incentive in the law without the transferability provision. Based on their clear opposition to linking benefits to military skills, it is fair to say they oppose linking the transferability provisions to skill and giving the Service Secretaries discretionary authority to invoke transferability. All witnesses were in complete agreement that the transferability benefit should be available after a minimum of ten years of service for those who choose a military career and have agreed to the required obligated service. The few witnesses who questioned the wisdom of incorporating the transferability provisions into a new peacetime educational assistance program stated that their only concern was that the ultimate cost of the transferability option may jeopardize the passage of a new G.I. Bill.

REPEAL OF THE GI BILL TERMINATION DATE

Mr. Chairman, current active duty service personnel regard the 31 December 1989 termination date for benefits of the Cold War G.I. Bill as a gross inequity for those military personnel who have chosen a military career. Those military careerists who have earned G.I. Bill benefits by virtue of the Vietnam service perceive the new termination date as a gross injustice.

The original Cold War G.I. Bill stipulated that all veterans had ten years after their LAST DISCHARGE in which to use their earned G.I. Bill educational benefits. That provision of the law was initiated by the Fleet Reserve Association. It was the F.R.A. which convinced the Cold War G.I. Bill's sponsor, the former U.S. Senator Ralph Yarborough of Texas, to incorporate the language into the law.

At the time of the abolition of the Cold War G.I. Bill in 1975, I appeared before this very committee on 29 July 1975 petitioning the Committee to protect the career serviceperson in the termination of the Cold War G.I. Bill benefits. I stated at that time:

"Now that we are at peace, we can appreciate the need to terminate veterans' wartime benefits. However, care must be exercised in establishing a new termination date for educational benefits so as not to discriminate against career members of the Armed Forces who are also veterans. Section 1662(a) of Chapter 34, Title 38, United States Code states: '(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date 10 years after his last discharge or release from active duty after January 31, 1955.'

"I have supplied the underlining because this phrase comprises the key words. Under this language, the military careerist may receive educational benefits following transfer to the Fleet Reserve or actual retirement.

"The Fleet Reserve Association contends that the military careerist who qualifies as a wartime veteran is entitled to receive the same veteran's benefits as do those veterans who do not pursue a military career. Indeed, the military careerist is usually a veteran of a least two armed conflicts. He has every right to expect the opportunity to pursue his formal education under the G.I. Bill provisions upon the completion of his military career as those who serve a lesser period of military service.

"If his veteran's benefits are abrogated, it could well give our career personnel cause for concern as to whether they should continue their military careers. Such a breach of faith is not a firm foundation on which to build the desired All Volunteer Force."

However, the Committee and the Congress did not agree with the F.R.A. at that time and our fears have proven to be very prophetic.

Currently, there are over 197,000 Navy personnel serving on active duty who have earned their G.I. Bill benefits through Vietnan service. Of these, 120,000 are in the critical retention window of six to fourteen years of service. These personnel must make a choice between their earned G.I. Bill benefits and a military career prior to December 1985.

In testimony before the Senate Committee on Veterans' Affairs last month, Mr. Robert F. Hale of the Congressional Budget Office testified, "CBO analyzed this proposal last year and concluded that, while many members are indeed eligible to use their benefits, few can be expected to separate prematurely in order to use rather than lose them. He estimated that only 1,300 of the eligible 220,000 members would be lost to the services prematurely."

First, we would question CBO's estimated number of Vietnam veterans still serving in the Armed Forces. The Navy states it has 197,000 on active duty. Using the CBO's estimate of 220,000 for all of the Services means there are only 23,000 such veterans in the other three Services. This surely defies logic! Secondly, we question CBO's estimate of only 1,300 of 220,000 eligible veterans who would leave their military careers prematurely. When one considers the personnel turbulence caused by military pay freezes and threats to the military retirement system, one can easily imagine more than 1,300 career designated personnel leaving the Service to pursue a college education. We believe CBO's estimates defy the accepted norm in measuring any human behavior.

There are currently six major bills to establish some form of a veterans' educational assistance program pending in the Congress. Each of these bills either contains a provision to remedy the 31 December 1989 termination date or have benefits that supersede and negate the issue. Regardless, of whether or not a veteran's educational assistance program is enacted in the 98th Congress, prompt corrective action should be taken to resolve the termination date of the Vietnam-Era G.I. Bill for military careerists who have earned its benefits.

Assistant Secretary of Defense for Manpower Lawrence J. Korb in testimony before several Congressional Committees has testified the Administration supports the repeal of the 1989 termination date. He has stated that the Department of Defense is willing to fund the cost of Vietnam-Era G.I. Bill educational benefits for those eligible military careerist who retire after 31 December 1989.

Each of the Services have strongly endorsed the extension or repeal of the termination date. They realize that such action will cancel the perception that military careerists are unfairly penalized for their wartime service. Therefore, we urge this Committee to initiate the immediate repeal of the inequitable termination date for military careerists. Such beneficial action would be a clear signal to all military personnel that the Congress values their service and stands for the equitable treatment of all veterans.

"A NEW GI BILL?—ABSOLUTELY"

Mr. Chairman, attached to our testimony is an editorial from the April 8 issue of "The Washington Times". The editorial is entitled, "A New G.I. Bill?—Absolutely". The F.R.A. believes it states the case very succinctly. We request that you consider making the editorial part of the record of this hearing.

We, of the F.R.A., fear that the issue of providing a veterans' educational assistance program will be decided largely on the basis of the dollar sign. Those who oppose its establishment say, "Let's wait until we need it." We see no error in making the investment in young America today. The past has proven the worth of that investment. It is no sacrifice for young Americans to serve their nation in its armed forces in return for education benefits. That education will directly benefit the individual, society and our nation.

CONCLUSION

The Fleet Reserve Association finds that of the six major pending bills to establish a veterans education assistance program the provisions of H.R. 1400 and H.R. 1944 most closely parallel the provisions which active duty personnel desire in a G.I. Bill. Because of the non-contributory and transferability provisions of H.R. 1944, it has a preferential edge. The provisions of H.R. 1400 are equitable and in today's world may have the best chance of passage. The F.R.A. has always been pragmatic; therefore, the passage of either measure would be greeted enthusiastically. We are confident that either bill will be successful in attracting and retaining desirable personnel for our Armed Forces. The Fleet Reserve Association commends and fully supports the provisions of these bills to this distinguished Committee.

We sincerely appreciate the opportunity to express our views. On behalf of all Service personnel, as well as my F.R.A. Shipmates I sincerely thank you.

[From the Washington Times, Apr. 8, 1983]

A New GI Bill?—Absolutely

"We should take steps immediately to restore the GI Bill, one of the most effective, equitable and socially important programs ever devised." The speaker: Candidate Ronald Reagan at the American Legion convention in Boston, summer 1980.

President Reagan would do well to run that pledge through his priority list again and, while he's at it, tell the Pentagon to get its act together. The gang over there in the past two years has staked out a firm policy position on a GI Bill—yes-no-maybe-if.

The messily mixed signals are largely attributable to the dramatic improvement in recruitment and retention of military personnel in the past two years. But the stimulus for this manpower surge may have had something to do with a grinding recession.

What happens as the economy picks up steam and, as a stark corollary, the pool of military-age Americans begins to dry up in 1985?

The prevailing political wisdom is that decent pay, bonuses and amenities, plus a revived pride in service will take care of that. Appealing—but don't bet the farm on the proposition.

There is an encouraging stir on the Hill this session that might produce a new GI Bill. And should. Sens. Armstrong, Cohen, Hollings and Matsunaga have polished up a bill that didn't make it in the last Congress. It is a solid piece of work, as is the GI Bill for which Rep. Sonny Montgomery is leading the charge in the House. There are differences between them, but not of a magnitude to manacle a conference committee.

Both would provide basic benefits to a maximum of 36 months ($300 a month in the Senate bill, $200 in the House version). The Senate bill would require completion of two years of honorable service to qualify for GI benefits, beginning in October 1983; the House bill would not vest benefits until completion of 36 months of service.

There's debate over transferability—that is, the Senate would permit a 10-year serviceman or woman to send a spouse or child to school on his or her benefits, and over educational allowances for members of the National Guard and Selected Reserve. Both make sense, we think, even if the Senate's $150-a-month basic benefit for Guardsmen is excessively generous.

We're on the right track here, though. A selling point is that a new GI Bill would not require a federal appropriation for two years, until those eligible had served the minimum vesting period and could draw benefits. Indeed, the Senate bill would freeze recruit pay at the present level for two years, at a saving of $19 million. That's loose change in the federal pocket but still savings.

The government paid out $6.8 billion in 1982 for the generous programs for educational loans and grants (compared, by the way, to $600 million in 1972). That amounts to a GI Bill without GIs. Thus, with a new GI Bill enacted, it would be politically practical to begin slicing into that outlandlishly expensive middle-class entitlement. If Johnny wants his schooling subsidized, fine, but let him troop and stomp for a few years.

So indelibly has federal educational aid come to be seen as a divine right that the notion may seem heretical. Imagine, an obligation in return for tuition assistance? Disgusting. Well, that's about it: The sense of obligation today barely extends to the repayment of school loans.

The Congressional Budget Office last year calculated that the House version of a GI Bill would cost $381 million in 1985 and $1.2 billion in 1990. Lot of bucks, right? But so is nearly $7 billion for students loans and grants, and nearly $2 billion every year for enlistment bonuses and similar enticements to the colors.

It will be crucial in the years ahead for the All Volunteer military, if it is to endure, to attract a sizable portion of the best and brightest of America's young. A GI Bill, with a shrinkage in the loan-grant pot, should offer middle-class sons and daughters an incentive that is but marginally available now.

The payoff, for the military and civil society, would be impressive. As Ronald Reagan eloquently pointed out in the campaign summer of 1980.

PREPARED STATEMENT OF MAJ. GEN. FRANCIS S. GREENLIEF, VICE PRESIDENT, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

Mr. Chairman, I appreciate this opportunity to present the views of the National Guard Association of the United States on the importance of legislation to provide veterans' educational assistance as an incentive for men and women to perform military serice. Although such legislation is generally referred to as "G.I. Bill" legislation, it is much narrower legislation than the earlier World War II "G.I. Bill". "G.I. Bill" legislation today is intended to assist the military services in attaining and maintaining necessary manning levels without having to resort to a military draft.

A variety of "G.I. Bills" have been introduced, and we would support any bill which provides educational assistance benefits that are significantly better than the benefits currently available. While we strongly support educational assistance as an incentive for service in the active duty forces, we insist that any "G.I. Bill" which fails to provide meaningful educational assistance benefits for service in the National Guard and Reserves fails to solve the most serious problem.

Just a few years ago there was great concern about the shortages of active duty soldiers, sailors, marines and airmen. The Congressional Record was filled with commentary about the apparent inability of the active duty forces to maintain required personnel strength levels with individuals whose mental aptitudes and levels of schooling permitted them to assimilate training on today's complex weapons systems. Comment was made less frequently on the recruiting problems of the Selected Reserve, and the disaster area which was the Individual Ready Reserve.

The combination of high unemployment, improved incentives, and an effective professional recruiting force has made it possible for the active forces and the Selected Reserve to attain and maintain the personnel strength levels which are currently authorized. However, those authorized strength levels are far below wartime requirements.

The most serious problem is in the Army. Currently, the active Army is about 70,000 soldiers short of its' wartime requirement. The Army National Guard and the Army Reserve, although currently slightly above their authorized strength levels, are more than 85,000 short of their wartime requirement.

According to the best estimates of the United States Army, there is a requirement for more than 450,000 trained soldiers in the Individual Ready Reserve. As of November, 1982, there were 228,000 trained soldiers assigned to the IRR. Military manpower experts estimate that as many as 70 percent of that force may be available for mobilization and service. If 160,000 of the 227,000 soldiers assigned can be available on M-Day, the IRR shortage is about 300,000 trained soldiers.

The purpose of the IRR is to fill the active Army, and the Guard and Reserve on M-Day, and to provide combat loss replacements until draftees, which have been trained by the Army after mobilization, can be made available.

Adding the numbers which I have cited demonstrates that the wartime Army will be short about 450,000 trained soldiers the period of D-Day (the start of hostilities) to D-Day plus six months.

If the United States is at some future time engaged in an all out war in Europe at a time when the U.S. Army is short 450,000 trained soldiers, we may well lose the war.

I understand that this nation is confronted with an out-of-control budget deficit which threatens the nation's security.

I sympathize with the members of the Congress who are agonizing over a solution to the problem of trying to satisfy all of the needs of our people, while preserving their freedom, without spending our nation into total economic disaster. But if the United States should lose a war in Europe, many of the current needs of our people will become academic.

I suggest that the apparent high cost of an adequate "G.I. Bill" is not exorbitant compared to the cost of losing a war in Europe.

Two years ago the House Committee on Veterans' Affairs favorably reported H.R. 1400, the Veterans' Educational Assistance Act of 1981. Last year, during the second session of the 97th Congress, the House Committee on Armed Services favorably reported H.R. 1400 after having amended it by adding the provisions of H.R. 3997.

H.R. 1400 as amended would provide educational assistance benefits to high school graduates who serve a specified time on active duty; who serve on active duty followed by service in the Guard and Reserve; or who enlist directly in the Guard and Reserve. Although most of the "G.I. Bills" which have been introduced offer some of the benefits which H.R. 1400 offers, I am not aware of any other bill which provides all of the incentives authorized by H.R. 1400.

H.R. 1400 would do the following key things for active duty personnel:

Provide 36 months of college training with a monthly payment of $200 for veterans with three years of active duty, or veterans with two years of active duty who enlist for four years in the National Guard or Reserves.

Provide an additional $100 a month for veterans who serve six years on active duty, or four years on active duty plus eight years in the National Guard or Reserves, with the additional payment increasing to as much as $400 a month for service in critical skills designated by the Service Secretary.

Provide for transfer of entitlement to dependents of active duty personnel with over ten years of active duty service.

H.R. 1400 would provide the following educational assistance to high school graduates who are not receiving an ROTC scholarship, and who do not already posses a baccalaureate degree, who enlist in the National Guard or Reserve for six years:

Up to $140 per month for 36 months of full-time schooling in an institution of higher learning. For three-quarters-time schooling, $105 per month would be provided, and for one-half time, $70 per month.

Payment of benefits during the period of enlistment and for up to ten years after the completion of required minimum service.

Some persons have criticized the Veterans' Educational Assistance Act because they believe that active duty personnel would leave the service prematurely so as to take advantage of the educational opportunity. Those who criticize the proposal on that basis fail to recognize that those who left active duty after three years of service would have a remaining military service obligation which would place them in the IRR. Rather than being a loss to the service, these personnel would become part of the solution to the IRR problem.

In my view, so long as a hard core of professional soldiers remain in the Army, it would improve the personnel posture of the Army if there were a constant influx of college bound personnel entering the Army. This constant influx would be balanced by a constant outflow of college bound trained soldiers entering the IRR.

An alternate solution to the military manpower shortage which will occur between M-Day and D-Day plus six months, is the enactment of H.R. 1500. H.R. 1500 would authorize the Selective Service System to examine and classify the young men which it currently registers, and would provide authority to draft up to 200,000 men per year for service in the IRR.

Since enactment of H.R. 1500 is apparently politically impossible at this time, the National Guard Association of the United States urges enactment of H.R. 1400, the Veterans' Educational Assistance Act.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., February 7, 1973.

Memorandum to: Richard Fuller.
From: Neil Singer.
Subject: Costs of H.R. 1944.

In response to your recent request, CBO has reestimated the costs of the version of H.R. 1944 that was reported to the House by the Committee on Veterans' Affairs in the preceding Congress. As you requested, CBO has also projected the outlay reductions that would result from an across-the-board freeze on military pay in fiscal year 1984, followed by pay comparability thereafter. These estimates are preliminary and informal. They would differ from those of a formal cost estimate as inflation and other economic assumptions change, and might also be affected by changes in force manning.

These estimates are summarized in the following table:

H.R. 1400

[Costs in millions of nominal dollars]

	Fiscal year—						
	1986	1987	1988	1989	1990	1992	1995
Veterans' use	1	10	70	120	245	430	560
In-service use	65	85	110	115	120	135	150
Transferability		210	235	260	340	530	610
Total	66	305	415	495	705	1,095	1,320
Pay freeze savings	2,904	3,229	3,712	3,890	4,077	4,478	5,154

ALICE M. RIVLIN, *Director.*

CONSTRUCTIVE CRITICISM OF H.R. 1400 AND H.R. 1944

AIR FORCE

Question. We would like your constructive criticisms of H.R. 1400 and H.R. 1944?

Answer. We believe both H.R. 1400 and H.R. 1944 are very well constructed veterans' educational benefit programs. Without a doubt, either proposal could help us considerably in our recruiting and retention efforts. As for heartburn with any of the respective bills' provisions, there really is not any one provision the Air Force could not live with. All that does not mean, however, that in our opinion the proposals cannot be made just a lttle bit better. With that purpose in mind, our comments on the proposals are limited either to preference for one bill's provision over the other bill's comparable provision or our suggestions for modification. For clarity, we will precede our comments by identifying the features begin addressed.

BASIC ENTITLEMENT

We prefer the H.R. 1944 basic entitlement of $300 per month for a maximum of 36 months in lieu of $200 per month offered by H.R. 1400. Considering the high and increasing cost of college and vocational training programs, the $300 per month entitlement would more substantially help eligible veterans, servicemembers or family members meet those expenses. At $300 per month, the maximum basic entitlement would equal $10,800 and closely approximate the Vietnam-Era GI Bill entitlement for a veteran without dependents. Nevertheless, we do not believe the $10,800 is so substantial that it alone would motivate a member to separate to use the entitlement. Finally, our preference for the H.R. 1944 basic entitlement needs to be taken in conjunction with our views on the additional basic and supplemental entitlements for service in critical skills ("kickers") that are offered by H.R. 1400 and H.R. 1944.

KICKERS

Our preference is that the discretionary kickers be dropped from the proposals. We find it very hard to support the kickers, which are intended to draw recruits to and retain members in critical or hard-to-fill skills, since the kickers would unnecessarily duplicate the flexible and successful Enlistment and Selective Reenlistment Bonus (EB/SRB) programs. Under provisions of law the maximum payable EB and SRB are $8,000 and $20,000 respectively (incidently, current Air Force maximum payments are only $3,000 and $16,000 respectively). As provided by H.R. 1400, the basic entitlement kicker could reach a $14,400 maximum and the supplemental entitlement kicker could reach $10,800. Simply put, we believe the kickers would be cost-ineffective since they would be applied to skills that already qualify for an EB and SRB.

Another important consideration is that with a miximum kicker, the basic entitlement (under H.R. 1400) would equal $21,600. We believe that amount would motivate members to separate in order to use their entitlement. As a point of interest, we would like to note that H.R. 1400's basic entitlement plus the miximum kicker is $21,600 for both single and married members; this is only $585 less that the maximum benefit available to married Vietnam veteran with two children (based on current rates set January 1, 1981).

Finally, the overlaying of kickers that can range up to $400 (basic) or $300 (supplemental) complicate an otherwise simple, straightforward eductional benefits program. We believe the more elaborate the program, the more confusing it will be to recruits and recruiters and the programs attractiveness will be diminished as a result. We also believe that among the Services, educational benefits should be consistent. The EB and SRB should continue to be relied upon to attract recruits to and retain members in critical and hard-to-fill skills.

SUPPLEMENTAL ENTITLEMENT

If we had to choose between the proposed $100 (H.R. 1400) or $300 (H.R. 1944) per month supplemental entitlement, we would opt for the $300 entitlement. Taking into account our suggestion to eliminate the kickers and offer a $300 per month basic entitlement, we believe the $100 per month supplemental offered by H.R. 1400 would not be of sufficient value to enhance retention. On the other hand, a $300 entitlement would represent to members an opportunity to double their educational entitlement through extended service. Interestingly, our preferred basic and supplemental entitlements ($300 each for 36 months) would offer a combined maximum entitlement of $21,600. That would equal H.R. 1400's basic entitlement plus maximum kicker, but would require longer service to earn.

SERVICE OBLIGATION FOR SUPPLEMENTAL ENTITLEMENT

Between the 8 years active duty obligation (or combination of active and reserve duty) of H.R. 1400 and the 6-year obligation of H.R. 1944, we prefer the former. Speaking strictly from the Air Force perspective and considering that the supplemental entitlement is intended to encourage extended service, we believe a 6-year obligation for entitlement is too short. For example, about 11 percent of our enlisted accessions (about 6,000 to 7,000) annually sign 6-year enlistment contracts. In addition, pilots (2,000 in fiscal year 1983) must serve 6 years after completion of their 1-year Undergraduate Pilot Training. Our navigators (1,000 in fiscal year 1983) must serve 5 years after completing their 9-month training program. Except for navigators who would have to delay their separations 90 days, these members would be entitled to the H.R. 1944 supplemental entitlement without having to serve a day beyond their initial service obligation.

TRANSFERABILITY

The Air Force would prefer an across-the-board transferability feature after 10 years of active duty; that is, not reserving it only to those who serve in critical skills. Our rationale is based, in part, on the fact that what is classified as a critical skill today may not be next year. Moreover, skills that are not critical in peacetime may very well be critical in time of war—and after all, that is what we are all about. For these reasons we favor H.R. 1944's transferability feature.

EDUCATION ELIGIBILITY

Both H.R. 1400 and H.R. 1944 would require a member otherwise eligible for the educational entitlement to also have a high school diploma or GED equivalent.

However, H.R. 1400 would exclude from entitlement eligibility those members who graduate from a Service Academy or who are commissioned through ROTC and received an ROTC scholarship. While we can appreciate the rationale for this exclusionary provision, we believe an educational entitlement should be extended to these members—particularly if they extend their service. Consequently, we prefer the provision contained in H.R. 1944. At a minimum, however, members in those categories should be eligible for the supplemental entitlement only after 8 years of active duty (or appropriate combination of active and reserve duty).

IN-SERVICE ENTITLEMENT USE

We would suggest members be able to use their entitlements after 1 year of active duty in lieu of the proposed 24 months. Many members want to begin their higher education as soon as they can while in service. Making the entitlement available a year earlier than proposed would enhance the attractiveness of the program. Moreover, if members are happier as a result of earlier use eligibility, they may be more productive on the job and perhaps more inclined to stay in uniform.

LEAVES OF ABSENCE

Our preference is that leaves of absence be deleted from the proposals. The Air Force still has manpower shortages in sortie-generating skills and leaves of absence could exacerbate the situation. In addition, we believe a leave policy that applies to all qualified members has adverse morale potential. That is to say, we might not be able to grant leaves to everyone who wants one and some members could be grievously disappointed. Therefore, if leaves of absence are to be used, we would recommend that the respective Service Secretaries be given the prerogative to determine which courses of study are eligible for leaves of absence and how many leaves will be granted annually. In this fashion we could in a small way provide an incentive for members to pursue certain selected courses of study to meet Service needs and at the same time avoid the leave floodgates from opening.

FUNDING

Both proposals would require the Services to fund all payable entitlements except the basic entitlement which the Veterans' Administration (VA) would fund. This funding arrangement was based partially on the rationale that a new GI Bill would be intended laregly to attract and retain members rather than help them readjust to civilian life. However, as has been mentioned by Service representatives in past testimony and stated in House Veterans' Affairs Committee Report 97-80 (Part 1), a primary purpose of the Veterans' Readjustment Benefits Act of 1966 (better known as the Vietnam Era GI Bill), was to enhance and make more attractive service in the Armed Forces.

Such funding by the Services will be a "must pay" item which would be chargeable against our personnel accounts. Regardless of budget constraints, veterans' educational entitlements would have to be funded. If and when budget squeezes came, we would be placed in the unenviable position of either forgoing needed personnel entitlement improvements or reducing the scope or level of curent entitlements. Given that sort of Hobson's choice, we doubt that the retention value of an educational entitlement would compensate for the retention disincentive of increasing member out-of-pocket expenses.

Finally, we are concerned that in efforts to trim the Defense budget, it might be suggested to mortgage, in some fashion, other entitlements such as retirement pay to fund educational benefits. At best, such a situation would only provide an interest free, deferred educational loan. At worst it would force the approximate 12 percent of servicemembers who reach retirement eligibility to accept reduced retired pay. In other words, given this scenario, those who serve long enough to earn retired pay would inherit paying not only for their own educational entitlement, but for the educational entitlements of all those servicemembers (88 percent) who serve less. This situation would be inequitable and would further erode our foremost career incentive—the retirement system.

Notwithstanding our reservations on the proposed funding scheme, if Service funding is retained, we suggest a separate educational assistance fund account be established within the Department of Defense budget. In that manner, funding for the program would be kept distinct from Service personnel accounts and would not potentially jeopardize other personnel entitlement programs.

EXTENSION OF THE VIETNAM-ERA GI BILL EXPIRATION DATE

Neither H.R. 1400 nor H.R. 1944 contain a provision to extend the December 31, 1989 expiration date of Vietnam-Era GI Bill educational benefits. Within the Air Force today, 72 percent of our officers and 44 percent of our enlisted personnel have earned these benefits. If they were to separate tomorrow, unlike most of their predecessors who had 10 full years to use their entitlements, they would have just over 6 years. Although it is difficult to estimate what retention impact the expiration of these entitlements will have we expect it will have some among mid-term officers and NCOs and those approaching or at retirement eligibility. With the rejuvenation of the all volunteer force and our continued progress in rebuilding our experience base, we can ill afford not to remove this career disincentive.

Some have argued that a new GI Bill would eliminate the need for extension of the expiration date. That is true, in part. Even if a new GI Bill were enacted on October 1, 1983, members now on active duty would have to serve until October 1, 1986 to become eligible for that entitlement. But what about those Vietnam-Era GI Bill eligibles who either separate or retire on September 30, 1986 or before? They would not have earned a new entitlement and would have between 4 and 6 years within which to use the Vietman-Era entitlement. We believe this is patently unfair treatment of those who served during a period of conflict. The Department of Defense offer to fund these entitlements after December 31, 1989, so that all eligible veterans and members have a full 10-year use period, demonstrates our commitment to this issue. We suggest, therefore, that in the absence of separate legislation to extend the expiration date, such a provision be added to both H.R. 1400 and H.R. 1944.

In summary, we believe a new veterans' educational assistance program will help military recruitment and retention and, perhaps more importantly, return substantial long-term social dividends. We are confident either an H.R. 1400 or H.R. 1944 program can do the job very well. Of course, we would be even happier with either program if modified along the lines we have suggested. But, the inescapable reality is that current accession and retention rates militate against a new GI Bill at this time. This in no way, however, means we are discounting your hard work and dedication to a veterans' educational assistance program. On the contrary, given the earliest symptoms of recruiting or retention problems, Congress could act with the speed of light on a new GI Bill because of all the groundwork you have done. In that way, the right resources can be applied in the right place at the right time.

MARINE CORPS

The Marine Corps has reviewed the subject legislative proposals and makes the following comparisons with respect to the Marine Corps position on any proposed veterans educational assistance program:

a. The Marine Corps supports the Veterans' Administration administering the educational assistance programs as proposed by both bills, but opposes the requirement for service funding that is also proposed by both bills.

b. The Marine Corps views educational benefits as an entitlement available to all officers and enlisted for honorable active service. Therefore, the Marine Corps supports the universal noncontributory participation of servicemembers in the educational assistance program as offered by H.R. 1944. The provision in H.R. 1400 that excludes officers who are commissioned from the service academies and ROTC scholarship programs, is not supported. Historically, all officers have been eligible for educational benefit programs including VEAP, regardless of their source of commission. Any program that excludes one group of officers even though they serve honorably would be contrary to what the Marine Corps believes the basic purpose of an educational program should be. Officers who are commissioned through programs other than service academies and ROTC scholarships may receive considerable federal assistance towards their undergraduate education in the form of grants and/or loans. An educational program that provides benfits to some officers who receive federal undergraduate assistance, but not to others, would be unfair.

c. The Marine Corps strongly supports the requirement in both bills for completion of honorable service. Only servicemembers who are separated with an honorable discharge should be eligible.

d. The Marine Corps does not support an educational prerequisite for participation in the educational benefit programs as proposed by both H.R. 1400 and H.R. 1944. Although the emphasis is to recruit quality high school graduates, educational benefits for servicemembers should be offered to all who serve honorably, regardless of their level of education. Military service is considered by many individuals who possess the potential for constructive contributions, but who lack a high school diploma. Such persons may be dissuaded from enlisting by such an educational prerequisite—a loss to the service of productive individuals. Although off-duty education programs are avaliable to non-high school graduates, many junior enlisted Marines will not be able to complete them during their first enlistment because of operational commitments. To preclude a loss of quality, particularly in the face of a future dwindling manpower pool, and to provide a fair program for young Marines who may be prevented by operational commitments from earning a high school diploma during their first enlistment, there should be no educational prerequisite.

e. The Marine Corps supports the noncontributory tiered system of entitlements tied to length of service with increased benefits for additional active service as proposed by both H.R. 1400 and H.R. 1944. The Marine Corps believes, however, that the universal level of entitlement earned by active service under H.R. 1944 (Basic = $300/mo for 36 months; Supplemental = $300/mo for 36 months; after 6 years service, $600/mo for 36 months) is more in consonance with the present cost of higher education than that offered by H.R. 1400 (Basic = $200/mo for 36 months; Supplemental = $100/mo for 36 months; after 8 years servie, $300/mo for 36 months).

f. The Marine Corps opposes any targeting aspect that would provide additional educational assistance for individual critical skills. Both bills presently have such a provision. The Marine Corps has consistently considered educational benefits as an entitlement earned by honorable service. Other programs such as enlistment bonuses and selective reenlistment bonuses are more appropriate for use as force management tools. To rely solely on targeted benefits or using educational benefits as a force management tool detracts from this concept and makes military service appear to be just another job versus a calling to duty.

g. The Marine Corps strongly supports the provision for transfering unused educational benefits to dependents after 10 years of continuous active service as proposed by both H.R. 1400 and H.R. 1944, but opposed the provision in H.R. 1400 that would limit this feature to members in critical MOSs. A transferability provision should be universal in nature.

h. The Marine Corps opposes the educational leave of absence provision proposed by both bills. The Marine Corps in-service college and graduate degree completion programs already exist.

i. The Marine Corps has no objection to Reserves accruing educational benefits through a two year active/4 year Selective Reserve Obligation as proposed by both bills. However, the Marine Corps does not believe that educational benefits should be made available for individuals enlisting in the Selected Reserve with no active duty obligation as proposed only by H.R. 1400. Historically, educational benefits under a G.I. Bill have been earned by active duty.

j. The Marine Corps supports the duration of entitlement for ten years after separation and the provision permitting the transfer from VEAP or the Vietnam-Era G.I. Bill as proposed by both bills; and has no objection to a loan-forgiveness provision purposed by H.R. 1944.

In conclusion, the Marine Corps believes that although both legislative proposals have attractive features, H.R. 1944 with some modification would be a major incentive to induce quality individuals to enlist in the Armed Services. Foremost among the necessary modifications to this bill are limitation of service funding and adherence to the principle of uniformed benefits for all members who serve honorably.

NAVY

In my personal opinion, neither H.R. 1400 or H.R. 1944 are exactly what we need. The following charts explain what we like and do not like about each bill and show what we would prefer. Of the two bills proposed, H.R. 1944 is closer to what we would prefer to see.

H.R. 1400 (98TH CONGRESS)

Like	Don't like	Prefer
Proposal gives basic educational benefit to officers and all enlisted after a reasonable period of active duty service (3 years).	Withholding basic entitlement from Academy graduates and ROTC Scholarship recipients.	Basic entitlement should be univeral same for all services, all officers and enlisted.
Basic entitlement requires honorable service and completion of high school.		
In Service use of benefits after 2 years		

H.R 1400 (98TH CONGRESS)—Continued

Like	Don't like	Prefer
Supplemental or second tier benefits given to all members after 8 years of active duty service	Second tier benefit of $100 not sufficient	Increase second tier benefit (after 8 years) to $300 per month for 36 months.
	Inclusion of any discretionary increase to the basic allowance or second tier allowance (kicker concept) for selected personnel in critical skills.	No targeting, no discretionary add on (kicker).
Transferability option	Restricting the opportunity to transfer benefits to personnel in critical specialties only (i.e. targeted)	Transferability available to all after 10 years service.
		Prefer non contributory transferability (Would consider a contributory transferability only if this is necessary to retain feature).
The Reserves are provided proportional educational benefits		
	Inclusion of an educational leave of absence program.	Leave of absence program not desired.
The Veterans' Administration funds the basic entitlement	DOD paying for all expect basic	Prefer VA fund total GI Bill.
Ten year period past date of discharge for utilization of benefits		
Vietnam Era GI Bill eligibles have choice of either Vietnam Era Benefits or new program for total of 48 months. Time is counted for new benefits upon enactment of new program.	Vietnam-Era eligibles who plan to leave Service close to the 1989 termination date might have to extend in order to meet minimal benefit requirements of new legislation and could receive reduced benefit amounts in comparison to Vietnam Era Bill.	Repeal of 1989 termination date for Vietnam Era Bill.

H.R. 1944 (98TH CONGRESS)

Like	Don't like	Prefer
Proposal gives basic educational benefit to all officers and enlisted after a reasonable period of active duty service (3 years).		
Basic entitlement requires honorable service and completion of high school.	Inclusion of any discretionary increase to the basic allowance or second tier allowance (kicker concept) for selected personnel in critical skills.	
In Service use of benefits after 2 years		
Second tier benefits provided at $300/mo for 36 months.	Second tier benefits provided after 6 years.	Second tier benefits provided after 8 years.
Noncontributory, nontargeted transferability		
	Including an educational leave of absence program.	Educational leave of absence program not desired. Proportionate basic benefit for Reserves.
The Veterans' Administration funds the basic entitlement.	DOD paying for all except basic entitlement.	Prefer VA fund total GI Bill.
Ten year period past date of discharge for utilization of benefits.		

H.R. 1944 (98TH CONGRESS)—Continued

Like	Don't like	Prefer
Vietnam Era GI Bill eligibles have choice of either Vietnam Era Benefits or new program for total of 48 months. Time is counted for new benefits upon enactment of new program.	Vietnam-Era eligibles who plan to leave Service close to the 1989 termination date might have to extend in order to meet minimal benefit requirements of new legislation and could receive reduced benefit amounts in comparison to Vietnam Era Bill.	Repeal of 1989 termination date for Vietnam Era Bill.

ARMY

Question. What is the Army position on the features of H.R. 1400 and H.R. 1944?

Answer. The Army believes that new program of education benefits should contain the following features:

It should be non-contributory.

It should be transferable to a soldier's family members.

It should be applicable to the Reserve Components as well as the Active Army.

Both H.R. 1400 and H.R. 1944 contain these fundamental features. Specific comments follows.

Feature	Bill	Army position
3 years continuous active duty or 2 years continuous active duty and 4 years continuous Selected Reserve Duty.	H.R. 1400 and H.R. 1944	Agree.
Honorable Discharge	H.R. 1400 and H.R. 1944	Agree.
Military Academy and ROTC scholarship recipients excluded.	H.R. 1400	The Army would prefer not to exclude any soldiers from the program.
One month of benefits for one month of Active service or four months of Selected Reserve Service (36 months maximum).	H.R. 1400 and H.R. 1944	Agree.
$300 per month basic benefit	H.R. 1400 (as amended) and H.R. 1944	Agree.
Additional basic benefits for critically short skills ($400 max in H.R. 1400) (unspecified max in H.R. 1944).	H.R. 1400 and H.R. 1944	This "kicker" is absolutely essential to the Army. The unspecified maximum in H.R. 1944 would allow greater flexibility to adjust to future requirements.
Supplementary "second tier" benefit for 5 years service in addition to the 3 years of duty required to earn the basic benefit or 2 additional years active service plus 4 additional years Selected Reserve service.	H.R. 1400	Agree.
Supplementary "second tier" benefits for 3 years service in addition to the 3 years of duty required to earn the basic benefit or 2 additional years active service plus 4 additional years Selected Reserve service.	H.R. 1944	The longer term of service required by H.R. 1400 is better.
$300 per month "second tier" benefit	H.R. 1400 (as amended) and H.R. 1944	Agree.
Additional "second tier" benefits for critically short skills ($300 max in H.R. 1400) (Unspecified max in H.R. 1944).	H.R. 1400 and H.R. 1944	The "kicker" could prove extremely useful for retaining soldiers with critical skills. It is not as essential that the second tier have a "kicker" as it is for the basic benefits to have one.

Feature	Bill	Army position
Benefits are transferable to spouse and/or children following 10 years of active service (for soldiers with critical skills only in H.R. 1400) (for all soldiers in H.R. 1944).	H.R. 1400 and H.R. 1944	The Army prefers that all otherwise qualified soldiers be allowed to transfer benefits. Applying this feature only to soldiers with critical skills is too restrictive. The purpose is to retain the experience and accumulated knowledge of the mid-career soldier.
Soldiers' entitlements expire at the end of the ten-year period following discharge.	H.R. 1400 and H.R. 1944	Agree.
Soldiers eligible for the Vietnam era GI Bill may choose to take the new bill, if they otherwise qualify.	H.R. 1400	The Army supports the option to choose to use the new bill. For the sake of equity, those soldiers who could not extend their service to use the new benefits should be allowed to use what they have earned. Without an extension of the termination date of the Vietnam era GI Bill, many soldiers will be facing the decision to leave the service to use their benefits.
DoD pays all "kickers," second tier, transferred benefits and administration.	H.R. 1400 and H.R. 1944	Agree.
Selected Reserve members with no active service who agree to remain for not less than 6 years earn benefits: $140 per month for full time program of education; $105 per month for three-fourths time program of education; $70 per month for one-half time program of education. 36 month maximum.	H.R. 1400	Agree.

STATEMENT OF MARVIN P. BUSBEE, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES

Mr. Chairman and members of the committee, in behalf of the membership of the National Association of State Approving Agencies may I express appreciation for this opportunity and privilege to appear before this committee on behalf of those service persons, who may in the next few years, resume their places in various walks of civilian life. They will be assuming individual duties and responsibilities toward keeping our Nation strong economically, socially and morally.

The membership of the National Association of State Approving Agencies, formed in 1947, is comprised of administrators of State approving agencies in the several States responsible for administering the education and training program for veterans and other eligible persons.

The membership of the association is not unmindful of the responsibility resting upon this committee and on the Members of Congress. We realize a decision must be made as to type of benefits, rights, privileges and opportunities to which these young people are entitled due to the fact that the continuity of their education, training and the earning of a livelihood has been interrupted and set back, so to speak, as a result of having served their country.

We understand that in your consideration for adopting an equitable education and training benefit plan for peace-time veterans, you are faced with making a historical decision—one probably never before undertaken by a congressional committere whose responsibilities are as great in the affairs of our veterans as are yours. Your decision will be made only after careful thought and consideration has been given to all aspects of the problem. We have every reason to believe that your decision will be fair and that you will make possible an education and training benefits program for those men and women who enter and honorably serve our country in the Armed Forces.

The assumption that military service is no longer a sacrifice and that it is now free from risk is a very questionable assumption. Especially with world conditions as they are at this time, risk of life in the military service is ever present. With the giving of guarantees of American armed intervention against aggression throughout the world who knows at what moment these so called "peace-time" soldiers will find themselves in the midst of conflict far greater than every experienced by our country and our young in the years gone by.

There is a feeling that so called "peace-time service" is an innocuous thing not to be compared to service in time or war and, therefore, meriting no special award. Other proponents of such a point of view say that every patriot should expect to give some time to his or her country's service, and that one is lucky to serve in peace-time. However, the dislocation of a person's life may be as serious in one case as in another, and the question of "rights" remains something to be argued from the diverse personal viewpoints, perhaps necessarily selfish ones.

The membership of our association prefer to look at it from what may be determined a sort of collective selfishness, one that considers the good of the Nation above all. We believe, any educational aid which can be given these youths during the adjustment period will prove to be a wise investment.

The plain truth is that many youths, in the service as well as out, cannot complete their education simply because they haven't the money to do so. By extending educational aid for an adjustment of "peace-time" veterans. the Government will assure itself of well informed leadership for the future and, concurrently, an increase in the number of men trained in those technological skills so necessary to the Nation's preservation.

When you come right down to it, many in uniform are serving in place of others more fortunate in being blessed financially and able to pursue education. Thus, many a youth, with ability and a real desire for an education, has had to forego it because of a lack of funds. The situation of the lack of funds will not be solved when he or she returns from the service. It would seem that the spirit of fair play, at the very least, would move us finally to give them their chance. At least the same chance and opportunities for those who served prior to January 1, 1977.

Your committee, of course, should take under consideration that all of our high school graduates who are potential veterans do not care to enter college for reasons of their own. Many prefer to learn a trade or go into business for themselves, even though their academic status has been such as to indicate they would do college work. Others, of course, do not consider themselves as being "college material" due to their difficulty in maintaining passing grades while in high school. These young men and women should not be discriminated against when you begin to determine fields which peace-time veterans can enroll for benefits under an education and training program.

The other on-the-job and apprenticeship program and farm cooperative programs would provide an educational opportunity for those veterans who do not have the aptitude, inclination, or desire to continue their education and training through educational institutions. The aptitude of people vary. One person may possess potentials leading toward a scientist, another a technician while another an engineer. There still remains a need for persons trained to work with their hands in the crafts and trades and on the farm. Skills and abilities need to be developed and acquired in all fields of the intricate operation of our complex way of life.

Educational opportunities in all of its ramifications must be provided which in turn will insure that our educated manpower reserve does not become lopsided. Engineers and scientists without their counterparts will avail little. A circus made up of trapeze artists, clowns, wild animal acts and the man who is shot from a cannon would not get far in the entertainment field if it were not for the hoard of workers who have been trained by on-the-job training in setting up the "big top", operating the electric generators to provide the light, the ticket seller, the bookkeeper and the men who feed the elephants and bed down the camels. Each has his place in the show. Each must be trained or else the "show cannot go on". It is true in the successful operation of our nation that both the requirements of our national security program and our domestic needs dictate the necessity of utilizing the natural abilities of our nation's youth. This potential must be conserved: It represents our greatest resource. H.R. 1400, a bill to amend title 38, U.S. Code to establish new educational assistance programs for veterans and members of the Armed Forces would add to the Nation's human resources the full capabilities of many of our gifted young men and women, who might otherwise be permanently lost to the reservoir of technical knowledge and service. The defense of our country is dependent upon the "know how" of all its citizens in all walks of life. Skills and abilities must be developed through the educational processes at every level.

Can you think of another expenditure made by the Federal Government which has returned such dividends and at the same time return capital investment? Not only have the other G.I. bills proven to be a successful method for helping millions of young men and women to adjust to civilian life through education and other means after rendering service to their country, but it also turned out to be a wise national investment in people—our Nation's most important and valuable resource.

The dividends, national dividends, of this investment have been unexpectedly large, both to the individual and the Nation—so great, in terms of national security, welfare, and prosperity, that the cost of this last program has already been paid many times over and the dividends will continue to roll in for generations.

In speaking to you today, our association is mindful of the problems which face you in rendering decisions affecting thousands of young people of your own States, and of the problems facing you in terms of our economy. We are also cognizant that recruiting and retention in our Armed Forces are at an all-time high—however, as the economy improves and unemployment goes down, attracting top quality young men and women into military service may not be as easy as it is now.

Our association is also mindful of the problems that you have in reaching decisions on legislation which requires expenditures of funds during the current crunch.

In summary, the following achievements will result from the establishment of a new educational assistance program for veterans and for members of the Armed Forces:

1. Inequity of the present educational situation will be corrected.
2. Trained nonprofessional people will be provided meeting the needs of industry.
3. Skills and abilities will be developed at every level.
4. Aptitudes of people will be utilized.
5. Defense of our Nation will be strengthened.
6. Participants will pay back the capital investment plus dividends.
7. Standards of living will be raised.
8. Performance of work will be improved.
9. Training will provide much needed scientists, mathematicians, engineers, technicians, and other professional people and greatly raise the number of qualified technicians and skilled workers thereby raising the technical and skilled levels in America up to or surpassing that ratio now enjoyed by another nation.
10. Opportunities for individuals to make their own choice of vocation.
11. Enlistments in the military will be more attractive.
12. Labor markets will be relieved of nontrained and semi-trained applicants.
13. The economy of our Nation will be strengthened.

VETERANS EDUCATION ASSISTANCE PROGRAM (VEAP)

As you recall, the Veterans Readjustment Benefits Act of 1966 did not provide apprenticeship and other on-the-job training assistance. This law was amended in 1967 to include this type of training. Our association adopted a resolution in 1966 requesting the Congress to enact appropriate legislation to provide this type of training for those post Korean conflict veterans. During a meeting of our association in Washington, D.C. on February 28–March 3, 1983, our association endorsed the inclusion of apprenticeship and other on-the-job training assistance to the benefits available under the contributory education program based on the following:

1. Apprenticeship and other on-the-job training were available for veterans of World War II, Korean conflict, and Vietnam era.
2. The availability of the apprenticeship or on-the-job option would provide training opportunities in the locality of the veteran's home.
3. Inclusion of this provision would provide veterans an opportunity to further the vocational training received while serving in the Armed Forces of the United States.
4. Would provide employment for veterans in position for which they would be trained.
5. Would provide an educational opportunity for those veterans who do not have the aptitude, inclination, or desire to continue their education and training through educational institutions.
6. High cost of institutional training precludes.
7. This is the accepted way to learn certain occupations.
8. With sophisticated high technology jobs, many schools cannot afford the equipment to properly train.

Unquestionably, this type of training is expensive; however, to off-set this expense, we have veterans employed and paying taxes from the beginning of their training. In addition to the increase in taxes paid during the training period, the individual is reasonably assured full-time employment at the conclusion of the training period.

Our association respectfully requests that serious consideration be given to include farm cooperative and cooperative training. Many veterans, by choice, and by virtue of background, will return to farming and they should not be precluded in receiving educational benefits for this type of training.

In this high technology age, cooperative training, whereby a person alternates between institutional training and on-the-job training, is becoming more and more prevalent as the hands-on portion (on-job portion) has proven as providing an individual a well rounded education.

Mr. Chairman, this concludes my presentation. I will be pleased to respond to any questions.

STATEMENT OF DONALD L. HARLOW, EXECUTIVE DIRECTOR, AIR FORCE SERGEANTS ASSOCIATION

Donald L. Harlow, executive director for the Air Force Sergeants Association (AFSA), has been the primary spokesman for over 150,000 enlisted members of the association and their primary lobbyist since his retirement in 1971.

Prior to joining the AFSA staff, Harlow was chief master sergeant of the Air Force, the highest position in the enlisted corps. He was the second man in the history of the Air Force to hold this prestigious position.

In his current position, he is the "voice" of the enlisted men and women of the active duty force, retired, guard, reserve and their dependents before the Congress, White House, Department of Defense and other government agencies. Harlow is also the AFSA representative to the Council of Military Organizations and a member of various other committees concerned with national defense.

The credibility of the association and the professional image of the Air Force enlisted corps have been greatly enhanced through his testimony before Congress and world-wide personal speaking engagements.

He began his military career with the Army Air Corps in 1942 and advanced to staff sergeant prior to his discharge in 1946, following which he became a member of the Air Force Reserve.

Harlow entered the California College of Commerce prior to being recalled in 1950 during the Korean War. He served in the personnel field at Travis AFB, Caif.; Offutt AFB, Nebr.; and Rabat AB, Morocco. While in Morocco, he also served as custodian of the Noncommissioned Officers' Club, as supervisor of Special Services, and as steward of the Officers' Club, prior to his return to the U.S. and the personnel field in 1954.

His next assignment was to Stead AFB, Nevada. In 1955 he became detachment sergeant major, Air Force Reserve Officer Training Corps (ROTC), Southern Methodist University. His tour there included duty as a tactical instructor and director of the ROTC band.

In 1958 Harlow was assigned to Pease AFB, N.H. It was during this tour that he attended the Strategic Air Command NCO Academy, graduating second in his class of 150 students. In addition, he received three awards—the student commander trophy, the gold key for academic achievement and the drill and ceremonies military achievement certificate.

He was then assigned to Hq. U.S. European Command, Paris, France. Returning to the U.S. in 1965, he became sergeant major, Executive Services Division, office of the Vice Chief of Staff, USAF Pentagon. He was just one step away from his final assignment as Chief Master Sergeant of the Air Force, which he achieved in August 1969 and retired in 1971, after 29 years and two months of service.

Harlow holds a bachelor of science degree in business administration from California College of Commerce. He is married to the former Dorothy Hill of Fitchburg, Mass. and resides in Falls Church, Va. They have two daughters and two grandsons.

Mr. Chairman, distinguished members of the committee, on behalf of the 150,000 members of the Air Force Sergeants Association and Their Dependents, I thank you for the invitation to testify on an incentive program that will, in the final analysis, aid in the recruitment and retention of highly qualified young men and women for our future defense forces.

The sincere interest that you and many of your distinguished colleagues in Congress have exhibited in providing some type of an educational program to replace the current veterans' educational assistance program (VEAP) is obvious by the number of bills introduced in both the House and Senate.

It was indeed my pleasure to have recently appeared before the chairman of the House Veterans' Affairs Committee, the Honorable G. V. "Sonny" Montgomery, on his educational incentive bill H.R. 1400. The hearing was held at the city hall in Biloxi, Mississippi and accompanying me on the panel were four outstanding enlisted representatives from Keesler Air Force Base.

In view of the support the enlisted representatives gave to the Air Force Sergeants Association's position on an educational program for members of our armed services, I hereby submit extracts from that testimony as being the position of AFSA on the issue.

While all such bills contain varying provisions designed to obtain and retain essential manpower resources for our military services, the crux of the matter is to come up with one simple, all inclusive bill that will fulfill the stated goals and objectives, while at the same time be cost effective.

AFSA is concerned over the loss of highly qualified technicians and middle managers of our enlisted force once the economy improves and job opportunities for critical skills in industry become enticing to our experienced career people. Even now, those who enlisted and reenlisted for the purpose of obtaining GI bill benefits are at that decision point of either remaining to complete their career or get out in time to take advantage of their higher educational opportunities under the GI bill.

Because recruitment and retention is now at a high level and the huge budget deficit is possibly a deterrent to the passage of any new educational incentive bill this year, we would ask you, Mr. Chairman, and your distinguished colleagues to pass legislation that will provide the opportunity for our enlisted career people a period of 10 years from their date of discharge or retirement to utilize the provisions of the current GI educational bill. The delimiting date of December 31, 1989, of the GI bill is unfair to those who became members of the career force after 1976 and were cut off from the GI bill when the veterans' educational assistance bill, (VEAP) was enacted.

It is imperative to comment on the veterans' educational assistance program, (VEAP), in view of the bill introduced by the chairman of the Senate Veterans' Affairs Committee Alan Simpson, to increase the Government's contribution to the program. Even if VEAP was improved, while it might well enhance recruitment of our young people, it could also be counter productive to retention as service members may determine it to their advantage to get out at the end of their first or second enlistment to take advantage of their educational opportunities. No matter how one looks at the VEAP program, it will never fulfill the objectives Congress is trying to reach.

In closing my statement, I submit an excerpt from the testimony of your distinguished colleague, Representative Bill Nichols from the great State of Alabama, who said that active duty personnel, recruiters and others having a real understanding of the importance of a bill to replace the GI bill stated:

"Give us a new GI bill. Make it simple, easy for recruiters to explain, and recruits to understand. Make it equitable. Use pay incentives and bonuses for critical skills, but education should be across the board. Make the benefit levels high enough to be meaningful, but not too high to force people out of the system to use the benefit. Make the GI bill permanent. It is time to stop switching signals on the education benefits for the All-Volunteer Force, and above all, we need this recruitment and retention tool now."

Mr. Chairman, I appreciate this opportunity provided our association and stand ready to respond to any questions you or your colleagues may wish to pose.

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